

# Act on Promotion of Specified Non-profit Activities

(Act No. 7 of March 25, 1998)

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## Chapter I General Provisions

### (Purpose)

Article 1 The purpose of this Act is to grant legal personality to organizations engaging in specified non-profit activities and establish a system concerning the approval of corporations whose operational structure and business activities are appropriate and which engage in specified non-profit activities that contribute to enhancing public interest, thereby promoting sound development of specified non-profit activities carried out by citizens as free social contribution activities, such as volunteer activities, and contributing to enhancing public interest.

(Definitions)

Article 2 (1) The term "specified non-profit activities" as used in this Act means activities falling under those set forth in the Appended Table that are carried out for the purpose of contributing to enhancing the interest of many and unspecified persons.

(2) The term "corporation engaging in specified non-profit activities" as used in this Act means a corporation falling under both of the following items that is established pursuant to the provisions of this Act with the primary purpose of engaging in specified non-profit activities:

(i) an organization falling under both of the following whose purpose is not to make profit:

(a) the organization does not set any unreasonable conditions for the acquisition or loss of qualification of its members;

(b) officers receiving remuneration are no more than one-third of all officers;

(ii) an organization whose activities fall under all of the following:

(a) the organization is not one whose primary purposes are to disseminate religious teachings, conduct ceremonies and functions, and educate and nurture believers;

(b) the organization is not one whose primary purposes are to promote, support or oppose any political doctrine or policy;

(c) the organization is not one whose purposes are to recommend, support or oppose any candidate for a specific public office (meaning any of the public offices prescribed in Article 3 of the Public Offices Election Act (Act No. 100 of 1950); the same applies hereinafter) (including a person who intends to be a candidate; the same applies hereinafter), any person holding public office, or any political party.

(3) The term "approved corporation engaging in specified non-profit activities" as used in this Act means a corporation engaging in specified non-profit activities that has received the approval set forth in Article 44, paragraph (1).

(4) The term "specially approved corporation engaging in specified non-profit activities" as used in this Act means a corporation engaging in specified non-profit activities that has received the special approval set forth in Article 58, paragraph (1).

## **Chapter II Corporations Engaging in Specified Non-profit Activities**

### **Section 1 General Rules**

(Principles)

Article 3 (1) A corporation engaging in specified non-profit activities must not conduct its business for the interests of specific individuals or corporations or any other organizations.

(2) A corporation engaging in specified non-profit activities must not be utilized for any specific political parties.

(Restriction on Use of the Name)

Article 4 No person other than a corporation engaging in specified non-profit activities may use in its name the words "特定非営利活動法人" (with a pronunciation of "Tokutei Hieiri Katsudo Hojin" and a literal meaning of "corporation engaging in specified non-profit activities") or any other words misleadingly similar thereto.

(Other Businesses)

Article 5 (1) A corporation engaging in specified non-profit activities may conduct businesses other than the business pertaining to the specified non-profit activities (hereinafter referred to as "other businesses") insofar as they do not hinder its specified non-profit activities. In this case, if there are any profits, those profits must be utilized for the business pertaining to the specified non-profit activities.

(2) The account for other businesses must be separated from the account for the business pertaining to the specified non-profit activities carried out by the corporation engaging in specified non-profit activities, and must be managed as a special account.

(Address)

Article 6 The address of a corporation engaging in specified non-profit activities is to be the location of its principal office.

(Registration)

Article 7 (1) A corporation engaging in specified non-profit activities must make a registration as provided for by Cabinet Order.

(2) The matters that must be registered under the preceding paragraph may not be asserted against a third party until after their registration.

(Mutatis Mutandis Application of the Act on General Incorporated Associations and General Incorporated Foundations)

Article 8 The provisions of Article 78 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) apply mutatis mutandis to corporations engaging in specified non-profit activities.

(Competent Authority)

Article 9 The competent authority having jurisdiction over a corporation engaging in specified non-profit activities is to be the governor of the

prefecture wherein its principal office is located (for a corporation engaging in specified non-profit activities whose offices are all located in a single designated city (meaning a designated city set forth in Article 252-19, paragraph (1) of the Local Autonomy Act (Act No. 67 of 1947); the same applies hereinafter), the head of the designated city).

## **Section 2 Incorporation**

(Certification of Incorporation)

Article 10 (1) A person who intends to incorporate a corporation engaging in specified non-profit activities must submit a written application to the competent authority, together with the following documents, and obtain certification of incorporation, as provided for by Ordinance of the prefecture or designated city:

(i) the articles of incorporation;

(ii) the following documents pertaining to its officers:

(a) a list of officers (meaning a list that contains the information as the names and addresses or residences of officers and whether they receive remuneration or not; the same applies hereinafter);

(b) transcripts of documents in which respective officers pledge that they do not fall under the items of Article 20 and do not violate the provisions of Article 21 and accept the appointment as officers;

(c) documents specified by Ordinance of the prefecture or designated city as documents that prove the domicile or residence of each officer;

(iii) documents stating the names of 10 or more of its members (in the case of a corporation, its name and the name of its representative) and their addresses or residences;

(iv) a document confirming the fact that the corporation falls under Article 2, paragraph (2), item (ii) and Article 12, paragraph (1), item (iii);

(v) a document stating the purpose of incorporation;

(vi) a transcript of the minutes proving the decision made for the incorporation;

(vii) business plans for the initial business year after the incorporation and the next business year;

(viii) budget statements (meaning a document stating estimated income and expenditure of the business pertaining to its activities; the same applies hereinafter) for the initial business year after the incorporation and the next business year.

(2) If an application for certification set forth in the preceding paragraph has been filed, the competent authority must give a public notice stating that fact and the following particulars or publicize it by the use of the Internet, without delay, and must make documents set forth in item (i), item (ii), (a) and items

(v), (vii) and (viii) of that paragraph available for public inspection at a place it designates for one month from the day on which the competent authority received the written application:

(i) date on which the application was filed;

(ii) the name of the corporation engaging in specified non-profit activities that filed the application, the name of its representative, the location of its principal office, and the purpose stated in the articles of incorporation.

(3) If there is any deficiency in a written application submitted under paragraph (1) or documents set forth in the items of that paragraph that were attached to the written application, the person who filed the application may correct the deficiency only if the deficiency is a minor one as specified by Ordinance of the prefecture or designated city; provided, however, that this does not apply if two weeks have passed since the day on which the competent authority received the written application.

(Articles of Incorporation)

Article 11 (1) Articles of incorporation of a corporation engaging in specified non-profit activities must contain the following particulars:

(i) its purpose;

(ii) its name;

(iii) type of the non-profit activities it engages in and type of the business pertaining to the non-profit activities;

(iv) locations of its principal office and other offices;

(v) particulars concerning the acquisition or loss of qualification of its members;

(vi) particulars concerning its officers;

(vii) particulars concerning its meetings;

(viii) particulars concerning its assets;

(ix) particulars concerning its accounting;

(x) its business year;

(xi) if the corporation conducts other businesses, their types and other particulars concerning those other businesses;

(xii) particulars concerning its dissolution;

(xiii) particulars concerning changes to the articles of incorporation;

(xiv) means of giving public notice.

(2) Officers at the time of incorporation must be specified in the articles of incorporation.

(3) When including provisions on the persons to whom residual assets are returned in the particulars set forth in paragraph (1), item (xii), the provisions must be arranged so that the person is selected from among corporations engaging in specified non-profit activities or other persons set forth in the

following items:

- (i) the national or a local government;
- (ii) a public interest incorporated association or a public interest incorporated foundation;
- (iii) an incorporated educational institution prescribed in Article 3 of the Private Schools Act (Act No. 270 of 1949);
- (iv) a social welfare corporation prescribed in Article 22 of the Social Welfare Act (Act No. 45 of 1951);
- (v) a corporation for offenders' rehabilitation prescribed in Article 2, paragraph (6) of the Offenders Rehabilitation Services Act (Act No. 86 of 1995).

(Criteria for Certification)

Article 12 (1) If the competent authority finds that an application for certification set forth in Article 10, paragraph (1) conforms to the following items, it must grant certification of incorporation:

- (i) the procedures for incorporation and the content of the written application and the articles of incorporation conform to the provisions of laws and regulations;
  - (ii) the corporation engaging in specified non-profit activities that has filed the application falls under any of the organizations prescribed in Article 2, paragraph (2);
  - (iii) the corporation engaging in specified non-profit activities that has filed the application does not fall under any of the following organizations:
    - (a) an organized crime group (meaning an organized crime group prescribed in Article 2, item (ii) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991); hereinafter the same applies in this item and Article 47, item (vi));
    - (b) an organization under the control of an organized crime group or of any of its members (including a member of an organization composing an organized crime group; hereinafter the same applies in this item) or a person for whom five years have not passed since the day on which the person ceased to be an organized crime group member (hereinafter referred to as an "organized crime group member, etc.");
  - (iv) the corporation engaging in specified non-profit activities that has filed the application has ten or more members.
- (2) The decision as to whether or not to grant the certification under the preceding paragraph must be made within two months from the day on which the period set forth in Article 10, paragraph (2) has passed (or if a shorter period has been specified by Ordinance of the prefecture or designated city, when that period has passed), unless there are any justifiable grounds.
- (3) If the competent authority decides to grant the certification under paragraph

(1), it must give a written notice of that fact to the person who has filed the application, and if the competent authority decides not to grant certification under that paragraph, it must give a written notice of that fact and the grounds therefor to the person who has filed the application, promptly.

(Hearing of Opinions)

Article 12-2 The provisions of Articles 43-2 and 43-3 apply *mutatis mutandis* when an application for certification set forth in Article 10, paragraph (1) is filed.

(Time of Incorporation)

Article 13 (1) The incorporation of a corporation engaging in specified non-profit activities becomes effective through the registration of its incorporation at the location of its principal office.

(2) When a corporation engaging in specified non-profit activities receives the registration set forth in the preceding paragraph, it must report that fact to the competent authority without delay by also submitting a certificate of registered information proving the registration and the inventory of assets set forth in the following Article.

(3) If a person who receives the certification of incorporation does not receive the registration set forth in paragraph (1) within six months after the day on which the certification of incorporation is granted, the competent authority may rescind the certification of incorporation.

(Preparation and Retention of Inventory of Assets)

Article 14 A corporation engaging in specified non-profit activities must prepare an inventory of assets at the time of its incorporation and retain it at its office at all times.

### **Section 3 Management**

(Ordinary General Meeting of Members)

Article 14-2 The directors must hold an ordinary general meeting of members at least once a year.

(Extraordinary General Meeting of Members)

Article 14-3 (1) If the directors find it necessary, the directors may convene an extraordinary general meeting of members at any time.

(2) If a request is filed by one-fifth or more of all members indicating the subject of the meeting, the directors must convene an extraordinary general meeting of members; provided, however, that the articles of incorporation may specify a

rate other than one-fifth of all members for this purpose.

(Convening of General Meeting of Members)

Article 14-4 A notice of convening the general meeting of members must be given by at least five days prior to the date of the meeting by indicating the subject of the meeting, in accordance with the means specified in the articles of incorporation.

(Authority of General Meeting of Members)

Article 14-5 Operations of a corporation engaging in specified non-profit activities are all performed under the authority of a resolution of the general meeting of members, except for those delegated to the directors or other officers in the articles of incorporation.

(Matters to Be Resolved at General Meeting of Members)

Article 14-6 Only matters for which a notice has been given in advance under Article 14-4 may be resolved at the general meeting of members; provided, however, that this does not apply if otherwise provided for in the articles of incorporation.

(Voting Right of Members)

Article 14-7 (1) The votes of all members are to be of equal value.

(2) A member who does not attend the general meeting of members may vote in writing or by proxy.

(3) A member may vote by electronic or magnetic means (meaning the means of using an electronic data processing system or any other means of using information and communications technology which is specified by Cabinet Office Order; the same applies in Article 28-2, paragraph (1), item (iii)), in lieu of in writing based on the provisions of the preceding paragraph, as provided for in the articles of incorporation.

(4) The provisions of the preceding three paragraphs do not apply if otherwise provided for in the articles of incorporation.

(Exception to Voting Right)

Article 14-8 If any resolution is made with respect to the relationship between a corporation engaging in specified non-profit activities and its specific member, that member has no voting right.

(Omission of Resolution of General Meeting of Members)

Article 14-9 (1) If any director or member makes a proposal regarding the subject of the general meeting of members and all members manifest their



consent to the proposal in writing or by an electronic or magnetic record (meaning a record used in computerized information processing which is created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses as specified by Cabinet Office Order), it is deemed that a resolution to affirm the proposal has been made at the general meeting of members.

(2) If it is deemed under the preceding paragraph that a resolution approving all the subjects of the meeting has been made at the general meeting of members, the general meeting of members is deemed to have concluded at that time.

(Fixed Number of Officers)

Article 15 A corporation engaging in specified non-profit activities must have three or more directors and one or more auditors as its officers.

(Directors' Authority to Represent)

Article 16 The directors represent the corporation engaging in specified non-profit activities in all operations of the corporation; provided, however, that their right to represent may be restricted by the articles of incorporation.

(Execution of Operations)

Article 17 Operations of a corporation engaging in specified non-profit activities are to be decided by a majority vote of its directors, unless otherwise provided for in the articles of incorporation.

(Delegation of Directors' Authority to Represent)

Article 17-2 The directors may delegate their authority to represent for specific acts to another person only if the delegation is not prohibited in the articles of incorporation or by a resolution of the general meeting of members.

(Provisional Directors)

Article 17-3 If there is a vacancy among the directors and damage is likely to occur due to a delay in operations, the competent authority must appoint a provisional director, upon request from an interested person or by its authority.

(Acts in Conflict of Interest)

Article 17-4 With regard to a matter that involves a conflict of interest between a corporation engaging in specified non-profit activities and any of its directors, that director has no right to represent. In this case, the competent authority must appoint a special agent, upon request from an interested person or by its authority.

(Duties of Auditors)

Article 18 An auditor performs the following duties:

- (i) to inspect the directors' execution of operations;
- (ii) to audit the status of the assets of the corporation engaging in specified non-profit activities;
- (iii) to report misconduct or material facts to the general meeting of members or the competent authority, if the audit under the preceding two items reveals any misconduct or material facts in violation of laws and regulations or the articles of incorporation in connection with the operations or assets of the corporation engaging in specified non-profit activities;
- (iv) to convene the general meeting of members when necessary for making the report referred to in the preceding item;
- (v) to state opinions to the directors regarding the directors' execution of operations or the status of the assets of the corporation engaging in specified non-profit activities.

(Prohibition against Auditors Holding Multiple Positions)

Article 19 An auditor may not concurrently hold the position of director or official of the corporation engaging in specified non-profit activities.

(Grounds for Disqualification of Officers)

Article 20 A person who falls under any of the following items may not be an officer of a corporation engaging in specified non-profit activities:

- (i) an adult ward or a person under curatorship;
- (ii) a bankrupt person whose rights have yet to be restored;
- (iii) a person who has been sentenced to imprisonment without work or heavier punishment, and for whom two years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its execution;
- (iv) a person who has been sentenced to the punishment of a fine as a result of having violated the provisions of this Act or the Act on Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of the same Act; the same applies in Article 47, item (i), (c)) or committed a crime set forth in Article 204, 206, 208, 208-2, 222, or 247 of the Penal Code (Act No. 45 of 1907) or a crime under the Act on Punishment of Physical Violence and Others (Act No. 60 of 1926), and for whom two years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its execution;
- (v) an organized crime group member, etc.;
- (vi) a person who was an officer of a corporation engaging in specified non-

profit activities whose certification of incorporation had been rescinded pursuant to Article 43, as of the time of its dissolution, and for whom two years have not passed since the day on which the certification of incorporation was rescinded.

(Exclusion of Officers' Relatives)

Article 21 The spouse or more than one relative within the third degree of kinship of each officer must not be included in the officers, or the officer, spouse and relative within the third degree of kinship must not account for more than one-third of the total number of officers.

(Filling of Officer Vacancy)

Article 22 Vacant positions must be filled without delay if the positions of more than one third of the fixed number of directors or auditors have become vacant.

(Report of Changes of Officers)

Article 23 (1) If there has been any change in the name or domicile or residence of any officer, a corporation engaging in specified non-profit activities must report that fact to the competent authority by also submitting the list of officers after the change, without delay.

(2) When a corporation engaging in specified non-profit activities makes the report under the preceding paragraph after an officer begins a new term of office (excluding after an officer is reappointed simultaneously upon expiration of term of office), it must submit the documents set forth in Article 10, paragraph (1), item (ii), (b) and (c) with regard to that officer to the competent authority.

(Officers' Term of Office)

Article 24 (1) The term of office of an officer is a period specified in the articles of incorporation that does not exceed two years; provided, however, that this does not preclude reappointment.

(2) Notwithstanding the provisions of the preceding paragraph, for a corporation engaging in specified non-profit activities whose articles of incorporation prescribe that officers are to be selected at the general meeting of members, only for cases in which a successor has not been selected, the term of office of the relevant officer may be extended in the articles of incorporation up to the conclusion of the first general meeting of members convened after the final day of the term of office specified in the articles of incorporation pursuant to the preceding paragraph.

(Changes to the Articles of Incorporation)

- Article 25 (1) A change to the articles of incorporation requires a resolution of the general meeting of members as provided for in the articles of incorporation.
- (2) The resolution set forth in the preceding paragraph must be made by at least a three-quarters majority vote of the attendees at a meeting attended by at least half of the members; provided, however, that this does not apply if otherwise provided for in the articles of incorporation.
- (3) A change to the articles of incorporation (limited to a change including that pertaining to the matters set forth in Article 11, paragraph (1), items (i) through (iii), item (iv) (limited to changes that change the competent authority), item (v), item (vi) (excluding the changes pertaining to the fixed number of officers), item (vii), item (xi), item (xii) (limited to the changes pertaining to the persons to whom residual assets are to be returned) or item (xiii)) does not take effect unless certified by the competent authority.
- (4) If a corporation engaging in specified non-profit activities intends to obtain certification set forth in the preceding paragraph, it must submit a written application to the competent authority, together with a transcript of the minutes of the general meeting of members at which the change to the articles of incorporation was resolved and the articles of incorporation after the change, as provided for by Ordinance of the prefecture or designated city. In this case, if the change to the articles of incorporation includes a change pertaining to the particulars set forth in Article 11, paragraph (1), item (iii) or (xi), the corporation must also attach business plans and budget statements for the business year that contains the day on which the change to the articles of incorporation was made and the next business year.
- (5) The provisions of Article 10, paragraphs (2) and (3) and Article 12 apply *mutatis mutandis* to the certification set forth in paragraph (3).
- (6) If a corporation engaging in specified non-profit activities makes a change to the articles of incorporation (excluding a change pertaining to the particulars for which certification of the competent authority must be obtained under paragraph (3)), it must report that fact to the competent authority by submitting a transcript of the minutes of the general meeting of members at which the change to the articles of incorporation was resolved and the articles of incorporation after the change, without delay, as provided for by Ordinance of the prefecture or designated city.
- (7) If a corporation engaging in specified non-profit activities registers a change to the articles of incorporation, it must submit a certificate of registered information proving the registration to the competent authority without delay.

Article 26 (1) A written application set forth in paragraph (4) of the preceding Article for a change to the articles of incorporation that changes the competent authority is to be submitted to the competent authority after the change via

the competent authority before the change.

- (2) In the case referred to in the preceding paragraph, beyond the documents to be attached as set forth in paragraph (4) of the preceding Article, a written application must be submitted together with the documents set forth in Article 10, paragraph (1), item (ii), (a) and item (iv), the most recent business reports, etc. prescribed in Article 28, paragraph (1) (for the period until these documents are prepared after the incorporation, the business plans set forth in Article 10, paragraph (1), item (vii), budget statements set forth in item (viii) of that paragraph, and inventory of assets set forth in Article 14, and for the period until these documents are prepared after a merger, the business plans set forth in Article 10, paragraph (1), item (vii) as applied *mutatis mutandis* pursuant to Article 34, paragraph (5), budget statements set forth in Article 10, paragraph (1), item (viii) as applied *mutatis mutandis* pursuant to Article 34, paragraph (5), and inventory of assets set forth in Article 35, paragraph (1)).
- (3) In the case referred to in paragraph (1), if the competent authority certifies the change to the articles of incorporation, the competent authority must take over the relevant affairs from the competent authority before the change without delay, as provided for by Cabinet Office Order.

#### (Accounting Principles)

Article 27 The accounting of a corporation engaging in specified non-profit activities must be done in accordance with what is provided for in this Act and the following principles:

- (i) deleted;
- (ii) account books are to be recorded correctly in accordance with the principle of orderly bookkeeping;
- (iii) financial statements (meaning activity statements and balance sheets; the same applies in paragraph (1) of the following Article) and an inventory of assets are to clearly present true information concerning the business performance and financial position based on the account books;
- (iv) adopted accounting standards and procedures are to be continuously applied in each business year and not be changed without due cause.

#### (Retention and Inspection of Business Reports)

Article 28 (1) A corporation engaging in specified non-profit activities must prepare business reports, financial statements, and inventory of assets for the previous business year, as well as an annual list of officers (meaning a list that contains the information as the names and addresses or residences of all persons who have served as an officer in the previous business year and whether they have received remuneration or not in the previous business year), and a document containing the names of ten or more people out of its members

as of the final day of the previous business year (in the case of a corporation, its name and the name of its representative), and their domiciles or residences (hereinafter referred to as "business reports, etc.") within the first three months of each business year, as provided for by Ordinance of the prefecture or designated city, and must retain them at its office for the period up to the final day of the business year that contains the day on which five years have passed since the date of preparation thereof.

- (2) A corporation engaging in specified non-profit activities must retain a list of officers and the articles of incorporation, etc. (meaning the articles of incorporation and copies of documents relating to the certification and registration thereof; the same applies hereinafter) at its office, as provided for by Ordinance of the prefecture or designated city.
- (3) If a corporation engaging in specified non-profit activities receives a request for the inspection of any of the following documents from its member or any other interested person, it must make those documents available for inspection except when there are justifiable grounds for not doing so:
  - (i) business reports, etc. (for the period until the documents are prepared after the incorporation, the business plans set forth in Article 10, paragraph (1), item (vii), budget statements set forth in item (viii) of that paragraph, and inventory of assets set forth in Article 14, and for the period until the documents are prepared after a merger, the business plans set forth in Article 10, paragraph (1), item (vii) as applied mutatis mutandis pursuant to Article 34, paragraph (5), budget statements set forth in Article 10, paragraph (1), item (viii) as applied mutatis mutandis pursuant to Article 34, paragraph (5), and inventory of assets set forth in Article 35, paragraph (1); the same applies in Article 30 and Article 45, paragraph (1), item (v), (a));
  - (ii) a list of officers;
  - (iii) the articles of incorporation, etc.

(Public Notice of Balance Sheets)

Article 28-2 (1) A corporation engaging in specified non-profit activities must give public notice of the balance sheet for the previous business year by means to be specified in the articles of incorporation out of the following means, without delay, after preparing it under paragraph (1) of the preceding Article, as provided for by Cabinet Office Order:

- (i) publication in the official gazette;
- (ii) publication in a daily newspaper that publishes current events;
- (iii) electronic public notice (meaning the means of giving a public notice by way of taking measures, as specified by Cabinet Office Order, for placing by electronic or magnetic means the information to be publicly notified in a manner that many and unspecified persons can receive it; hereinafter the

- same applies in this Article);
- (iv) beyond what is set forth in the preceding three items, the means specified by Cabinet Office Order as measures for placing the information to be publicly notified in a manner that many and unspecified persons can recognize it.
- (2) Notwithstanding the provisions of the preceding paragraph, for a corporation engaging in specified non-profit activities that specifies, in the articles of incorporation, either of the means set forth in item (i) or (ii) of that paragraph as the means of giving a public notice of a balance sheet as prescribed in that paragraph, it is sufficient to give a public notice of the outline of the balance sheet.
  - (3) If a corporation engaging in specified non-profit activities specifies, in the articles of incorporation, the means set forth in paragraph (1), item (iii) as the means of giving a public notice of a balance sheet as prescribed in that paragraph, the corporation may specify either of the means set forth in item (i) or (ii) of that paragraph as the means of giving a public notice in case an electronic public notice is not available due to an accident or other unavoidable circumstances.
  - (4) If a corporation engaging in specified non-profit activities gives a public notice in the form of an electronic public notice under paragraph (1), the corporation must continue the public notice for the period up to the final day of the business year that contains the day on which five years have passed since the day on which it prepared the balance sheet for the previous business year under paragraph (1) of the preceding Article.
  - (5) Notwithstanding the provisions of the preceding paragraph, if a public notice is interrupted (meaning the situation wherein the information placed in a manner that many and unspecified persons can receive it has ceased to be placed in that manner or the information has been altered after being placed in that manner; hereinafter the same applies in this paragraph) amid the period during which a public notice in the form of an electronic public notice must be continued under the preceding paragraph (referred to as the "public notice period" in item (ii)) and it falls under all of the following items, the interruption of the public notice does not affect the effect of the relevant public notice in the form of an electronic public notice:
    - (i) the corporation engaging in specified non-profit activities is in good faith and without gross negligence or has justifiable grounds with regard to the occurrence of the interruption of the public notice;
    - (ii) the total time of the interruption of the public notice does not exceed one-tenth of the public notice period;
    - (iii) after noticing the interruption of the public notice, the corporation engaging in specified non-profit activities has promptly given the public

notice in the form of an electronic public notice including the fact, the time and the content of the interruption.

(Submission of Business Reports)

Article 29 A corporation engaging in specified non-profit activities must submit business reports, etc. to the competent authority once every business year, as provided for by Ordinance of the prefecture or designated city.

(Disclosure of Business Reports)

Article 30 If the competent authority receives a request for the inspection or copying of business reports, etc. (limited to those submitted in the last five years), lists of officers, or the articles of incorporation, etc. submitted by a corporation engaging in specified non-profit activities, the competent authority must make them available for inspection or copying, as provided for by Ordinance of the prefecture or designated city.

#### **Section 4 Dissolution and Merger**

(Grounds for Dissolution)

Article 31 (1) A corporation engaging in specified non-profit activities dissolves on the following grounds:

- (i) a resolution of the general meeting of members;
- (ii) the occurrence of any grounds for dissolution specified in the articles of incorporation;
- (iii) the impossibility of successfully conducting the business pertaining to the specified non-profit activity that is the purpose of the corporation;
- (iv) a lack of members;
- (v) a merger;
- (vi) an order commencing bankruptcy proceedings;
- (vii) the rescission of the certification of incorporation under Article 43.

(2) Dissolution on the grounds set forth in item (iii) of the preceding paragraph does not take effect unless approved by the competent authority.

(3) If a corporation engaging in specified non-profit activities intends to obtain the approval set forth in the preceding paragraph, it must submit a document proving the grounds set forth in paragraph (1), item (iii) to the competent authority.

(4) In the case of dissolution on the grounds set forth in paragraph (1), item (i), (ii), (iv), or (vi), the liquidators must report that fact to the competent authority without delay.

(Resolution on Dissolution)



Article 31-2 A corporation engaging in specified non-profit activities may not adopt a resolution on dissolution without the affirmative votes of at least three-quarters of all members; provided, however, that this does not apply if otherwise provided for in the articles of incorporation.

(Commencement of Bankruptcy Proceedings for Corporations Engaging in Specified Non-profit Activities)

Article 31-3 (1) If a corporation engaging in specified non-profit activities becomes unable to pay its debts in full out of its assets, the court issues an order commencing bankruptcy proceedings upon petition of the directors or creditors or by the court's own authority.

(2) In the case prescribed in the preceding paragraph, the directors must file a petition for the commencement of bankruptcy proceedings immediately.

(Capacity of Corporations Engaging in Specified Non-profit Activities under Liquidation)

Article 31-4 A dissolved corporation engaging in specified non-profit activities is deemed to remain in existence until the liquidation is completed, to the extent of the purpose of liquidation.

(Liquidators)

Article 31-5 If a corporation engaging in specified non-profit activities has dissolved, the directors become liquidators, except if dissolution is effected pursuant to an order commencing bankruptcy proceedings; provided, however, that this does not apply if otherwise provided for in the articles of incorporation or if any person other than the directors has been appointed at the general meeting of members.

(Appointment of Liquidators by the Court)

Article 31-6 If there is no liquidator pursuant to the provisions of the preceding Article, or if any damage is likely to occur due to a vacancy in the office of the liquidator, the court may appoint a liquidator upon request from an interested person or a public prosecutor or by the court's own authority.

(Dismissal of Liquidators)

Article 31-7 If any material grounds exist, the court may dismiss a liquidator upon request from an interested person or a public prosecutor or by the court's own authority.

(Report by Liquidators)

Article 31-8 A liquidator who assumes office during the course of the liquidation

must report the name and address to the competent authority.

(Duties and Authority of Liquidators)

Article 31-9 (1) Duties of a liquidator are as follows:

- (i) conclusion of outstanding operations;
  - (ii) collection of claims and performance of obligations;
  - (iii) delivery of residual assets.
- (2) A liquidator may perform any and all acts necessary to perform the duties set forth in the items of the preceding paragraph.

(Demand for Filing Claims)

Article 31-10 (1) After a corporation engaging in specified non-profit activities has dissolved due to any grounds set forth in the items of Article 31, paragraph (1), the liquidators must give a notice without delay to demand the creditors to file their claims within a certain period of time. In this case, the period must not be less than two months.

- (2) The liquidator must add a supplementary note to the public notice set forth in the preceding paragraph to the effect that if any creditor fails to file the claims within the prescribed period, the creditor will be excluded from the liquidation process; provided, however, that the liquidators may not exclude any known creditor.
- (3) The liquidators must request each known creditor to file the claims individually.
- (4) The public notice set forth in paragraph (1) is to be given by placing it in the official gazette.

(Filing of Claims after Expiration of the Prescribed Period)

Article 31-11 A creditor who has filed the claims after the expiration of the period set forth in paragraph (1) of the preceding Article is entitled to make the claims only against the assets that remain undelivered to persons to whom the rights are to be returned after all debts of the corporation engaging in specified non-profit activities have been paid in full.

(Commencement of Bankruptcy Proceedings for Corporations Engaging in Specified Non-profit Activities under Liquidation)

Article 31-12 (1) If it becomes clear in the course of the liquidation that the assets of the corporation engaging in specified non-profit activities are not sufficient to pay its debts in full, the liquidators must immediately file a petition for the commencement of bankruptcy proceedings and give a public notice to that effect.

- (2) If the corporation engaging in specified non-profit activities under liquidation

becomes subject to an order commencing bankruptcy proceedings, and the liquidators hand over the affairs of the relevant proceedings to a bankruptcy trustee, the liquidators are deemed to have completed their duties.

- (3) In the case prescribed in the preceding paragraph, if the corporation engaging in specified non-profit activities under liquidation has already paid any money to the creditors, or has delivered any assets to persons to whom the rights are to be returned, the bankruptcy trustee may retrieve the money or assets.
- (4) The public notice under paragraph (1) is to be given by placing it in the official gazette.

#### (Ownership of Residual Assets)

Article 32 (1) Except for the case of dissolution due to a merger and effected pursuant to an order commencing bankruptcy proceedings, residual assets of the dissolved corporation engaging in specified non-profit activities become vested in persons to whom they are to be returned as provided for in the articles of incorporation, as of the time of making a report of the completion of liquidation to the competent authority.

- (2) If the articles of incorporation do not contain provisions concerning persons in whom residual assets are to be returned, the liquidators may transfer the assets to the national government or a local government by obtaining certification of the competent authority.
- (3) Assets that are not disposed of pursuant to the preceding two paragraphs are returned to the national treasury.

#### (Supervision by the Court)

Article 32-2 (1) Dissolution and liquidation of a corporation engaging in specified non-profit activities is subject to the supervision of the court.

- (2) The court may conduct an inspection necessary for the supervision set forth in the preceding paragraph at any time by its authority.
- (3) The court supervising dissolution and liquidation of a corporation engaging in specified non-profit activities may seek opinions of or commission an investigation to the competent authority.
- (4) The competent authority may state opinions to the court prescribed in the preceding paragraph.

#### (Report of Completion of Liquidation)

Article 32-3 When liquidation is completed, the liquidators must report that fact to the competent authority.

#### (Jurisdiction over Cases Concerning Supervision of Dissolution and Liquidation)

Article 32-4 Cases concerning the supervision of dissolution and liquidation of a corporation engaging in specified non-profit activities and the liquidators are subject to the jurisdiction of the district court having jurisdiction over the location of the corporation's principal office.

(Restriction on Appeals)

Article 32-5 No appeal may be made against any judicial decision on the appointment of liquidators.

(Remuneration for Court-Appointed Liquidators)

Article 32-6 If the court has appointed a liquidator under Article 31-6, the court may determine the amount of remuneration that the corporation engaging in specified non-profit activities is to pay to the liquidator. In this case, the court must hear statements from the liquidator and the auditors.

Article 32-7 Deleted

(Appointment of Inspectors)

Article 32-8 (1) The court may appoint an inspector in order to have the inspector carry out investigations necessary for supervising the dissolution and liquidation of a corporation engaging in specified non-profit activities.

(2) The provisions of Articles 32-5 and 32-6 apply mutatis mutandis when the court has appointed an inspector under the preceding paragraph. In this case, the term "the liquidator and the auditors" in Article 32-6 is deemed to be replaced with "the corporation engaging in specified non-profit activities and the inspector".

(Merger)

Article 33 A corporation engaging in specified non-profit activities may merge with other corporations engaging in specified non-profit activities.

(Merger Procedures)

Article 34 (1) A merger of corporations engaging in specified non-profit activities requires a resolution of the general meeting of members.

(2) The resolution set forth in the preceding paragraph must be made by at least a three-quarter majority vote of all members; provided, however, that this does not apply if otherwise provided for in the articles of incorporation.

(3) A merger does not take effect unless certified by the competent authority.

(4) If a corporation engaging in specified non-profit activities intends to obtain the certification set forth in the preceding paragraph, it must submit a written application to the competent authority, together with a transcript of the

minutes of the general meeting of members at which the resolution set forth in paragraph (1) was made.

- (5) The provisions of Articles 10 and 12 apply mutatis mutandis to the certification set forth in paragraph (3).

Article 35 (1) If the certification under paragraph (3) of the preceding Article has been granted, the corporation engaging in specified non-profit activities must prepare a balance sheet and inventory of assets within two weeks from the date of receipt of notice of the certification, and retain them in its principal office up to the expiration of the period during which creditors may state any objection under the following paragraph.

- (2) If the certification under paragraph (3) of the preceding Article has been granted, the corporation engaging in specified non-profit activities must give public notice to its creditors within two weeks from the date of receipt of notice of the certification, to the effect that they should state any objection they may have to the merger within a certain period of time, and must request each known creditor to state any objection individually. In this case, the period must not be less than two months.

Article 36 (1) If a creditor has failed to state an objection within the period set forth in paragraph (2) of the preceding Article, the creditor is deemed to have approved the merger.

- (2) If a creditor has stated an objection, the corporation engaging in specified non-profit activities must make payment or provide equivalent security to the creditor, or entrust equivalent assets to a trust company or a financial institution engaged in trust business for the purpose of having the creditor receive payment; provided, however, that this does not apply if the merger is unlikely to be detrimental to the creditor.

Article 37 If a corporation engaging in specified non-profit activities is to be incorporated through a merger, the preparation of the articles of incorporation and other affairs concerning the incorporation of the corporation engaging in specified non-profit activities must be performed jointly by persons respectively appointed by merging corporations engaging in specified non-profit activities.

(Effect of Merger)

Article 38 A corporation engaging in specified non-profit activities that continues to exist after a merger or has been incorporated through a merger succeeds to any and all rights and obligations of corporations engaging in specified non-profit activities that have ceased to exist due to the merger (including the rights and obligations that the corporations engaging in

specified non-profit activities had in relation to their businesses based on approval or other dispositions of an administrative agency).

(Time of Merger)

Article 39 (1) A merger of corporations engaging in specified non-profit activities becomes effective through its registration at the location of the principal office of the corporation engaging in specified non-profit activities that continues to exist after the merger or has been incorporated through the merger.

(2) The provisions of Article 13, paragraph (2) and Article 14 apply mutatis mutandis when the registration set forth in the preceding paragraph has been made and the provisions of Article 13, paragraph (3) apply mutatis mutandis when the registration set forth in the preceding paragraph has not been made.

Article 40 Deleted

## **Section 5 Supervision**

(Report and Inspection)

Article 41 (1) If there are reasonable grounds to find that a corporation engaging in specified non-profit activities (excluding an approved corporation engaging in specified non-profit activities and specially approved corporation engaging in specified non-profit activities; hereinafter the same applies in this paragraph and the following paragraph) is suspected of violating any of the laws and regulations, dispositions rendered by an administrative agency based on laws and regulations, or the articles of incorporation, the competent authority may demand that the corporation engaging in specified non-profit activities make a report on its operations or the status of its assets, or have the competent authority's officials enter the offices or other facilities of the corporation engaging in specified non-profit activities and inspect its operations or the status of its assets, books, documents, or other articles.

(2) If the competent authority has its officials carry out the inspection under the preceding paragraph, the competent authority must have those officials who carry out the inspection present a document stating the reasonable grounds set forth in that paragraph, in advance, to officers of the corporation engaging in specified non-profit activities or other persons who have the authority with regard to the management of the offices or other facilities subject to the inspection (hereinafter referred to as the "officers, etc. of the corporation engaging in specified non-profit activities" in this paragraph). In this case, if the officers, etc. of the corporation engaging in specified non-profit activities have requested the delivery of the document; the competent authority must have its officials deliver it.

- (3) Officials who carry out the inspection under paragraph (1) must carry a certificate for identification and present it to the relevant parties.
- (4) The authority to carry out the inspection under paragraph (1) must not be construed as having been granted for any criminal investigation.

(Order for Improvement)

Article 42 If the competent authority finds that a corporation engaging in specified non-profit activities has ceased to satisfy the requirements prescribed in Article 12, paragraph (1), item (ii), (iii), or (iv) or has otherwise violated any of the laws and regulations, dispositions rendered by an administrative agency based on laws and regulations, or the articles of incorporation, or that its management is significantly inappropriate, the competent authority may order the corporation engaging in specified non-profit activities to take measures necessary for improvement within a time limit specified by the competent authority.

(Rescission of Certification of Incorporation)

- Article 43 (1) If a corporation engaging in specified non-profit activities has violated an order under the preceding Article and the objectives of the supervision cannot be achieved by any other means, or the corporation fails to submit business reports, etc. under Article 29 for three years or more, the competent authority may rescind the certification of incorporation of the corporation engaging in specified non-profit activities.
- (2) If a corporation engaging in specified non-profit activities has violated laws and regulations and it is apparent that no improvements can be expected through an order under the preceding Article, and the objectives of the supervision cannot be achieved by any other means, the competent authority may rescind the certification of incorporation of the corporation engaging in specified non-profit activities without issuing an order under that Article.
  - (3) Regarding the proceedings on the date of hearing for the rescission of the certification of incorporation under the preceding two paragraphs, the competent authority must endeavor to make the proceedings open to the public if requested by the corporation engaging in specified non-profit activities.
  - (4) If a request has been made under the preceding paragraph and the competent authority does not make the proceedings on the date of hearing open to the public, the competent authority must deliver a document stating the grounds for not making the proceedings open to the public to the corporation engaging in specified non-profit activities.

(Hearing of Opinions)

Article 43-2 If the competent authority finds that it is suspected that a

corporation engaging in specified non-profit activities does not satisfy the requirements prescribed in Article 12, paragraph (1), item (iii) or that any of its officers falls under Article 20, item (v), the competent authority may submit the reason for the suspicion to and hear the opinions of the Superintendent General of the Metropolitan Police Department or the Chief of the Prefectural Police Headquarters.

(Stating of Opinions to the Competent Authority)

Article 43-3 If the Superintendent General of the Metropolitan Police Department or the Chief of the Prefectural Police Headquarters finds that there are reasonable grounds to suspect that a corporation engaging in specified non-profit activities does not satisfy the requirements prescribed in Article 12, paragraph (1), item (iii) or that any of its officers falls under Article 20, item (v) and, therefore, that the competent authority needs to take appropriate measures against the corporation engaging in specified non-profit activities, the Superintendent General of the Metropolitan Police Department or the Chief of the Prefectural Police Headquarters may state opinions to that effect to the competent authority.

### **Chapter III Approved Corporations Engaging in Specified Non-profit Activities and Specially Approved Corporations Engaging in Specified Non-profit Activities**

#### **Section 1 Approved Corporations Engaging in Specified Non-profit Activities**

(Approval)

Article 44 (1) A corporation engaging in specified non-profit activities whose operational structure and business activities are appropriate and which contributes to enhancing public interest may obtain approval from the competent authority.

(2) A corporation engaging in specified non-profit activities that intends to obtain the approval set forth in the preceding paragraph must submit a written application to the competent authority, together with the following documents, as provided for by Ordinance of the prefecture or designated city; provided, however, that if a corporation engaging in specified non-profit activities that conforms to the criteria set forth in paragraph (1), item (i), (c) of the following Article files an application, it is not necessary to attach the document set forth in item (i):

(i) a list of contributors for business years containing the days within the period for assessing performance (if the period exceeds one year, for each one-year term after the first day of the period (if the final term is less than



- one year, for each one-year term and the final term less than one year); the same applies hereinafter) ("list" here means a document stating information on each contributor of contributions that the corporation engaging in specified non-profit activities that has filed the application received in each business year, such as the name of the contributor (in the case of a corporation, its name), domicile, the amount of contributions, and the date on which the contributions were received; the same applies hereinafter);
- (ii) a document explaining that the corporation engaging in specified non-profit activities conforms to the criteria set forth in the items of paragraph (1) of the following Article (excluding the document set forth in the preceding item) and a document explaining that the corporation does not fall under any of the items of Article 47; and
  - (iii) a document stating the content of the specific businesses for which the contributions are planned to be appropriated.
- (3) The term "period for assessing performance" set forth in item (i) of the preceding paragraph means a period from the first day of the earliest business year of the business years that ended within five years prior to the final day of the most recently ended business year of a corporation engaging in specified non-profit activities that intends to obtain the approval set forth in paragraph (1) (or within two years if a corporation engaging in specified non-profit activities that has never obtained the approval set forth in that paragraph intends to obtain the approval set forth in that paragraph) up to the final day of the most recently ended business year.

(Criteria for Approval)

Article 45 (1) If the competent authority finds that a corporation engaging in specified non-profit activities that has filed an application for the approval set forth in paragraph (1) of the preceding Article conforms to the criteria set forth in the following items, the competent authority is to grant the approval set forth in that paragraph:

- (i) the corporation conforms to any of the criteria set forth as follows as the criteria for assessing whether the corporation is broadly supported by citizens:
  - (a) the ratio of the amount of revenue from contributions, etc. (meaning the amount set forth in 2. (in the case of a corporation engaging in specified non-profit activities that satisfies the requirements specified by Cabinet Office Order, the sum of the amount set forth in 2. and the amount set forth in 3.)) among the amount of current revenue (meaning the amount set forth in 1.) during the period for assessing performance (meaning the period for assessing performance prescribed in paragraph (3) of the preceding Article; the same applies hereinafter) is equal to or more than

the ratio specified by Cabinet Order:

1. the amount that remains after deducting, from the amount of gross revenue, the amounts of subsidies from the national government, etc. (meaning the national government and local governments, and incorporated administrative agencies, local incorporated administrative agencies, national university corporations, and inter-university research institute corporations listed in Appended Table 1 of the Corporation Tax Act (Act No. 34 of 1965), as well as international organizations of which Japan is a member state; hereinafter the same applies in 1.) and what the national government, etc. otherwise deliver without receiving counter-performance (referred to as "government subsidies, etc." in the following paragraph), and other revenue specified by Cabinet Office Order such as extraordinary revenue;
  2. the amount that remains after deducting, from the total amount of contributions received (referred to as the "total amount of received contributions" in item (iv), (d)), the sum of the amount in excess of the standard limit per contributor (meaning the amount of the portion of the contributions from a single contributor in excess of the limit specified by Cabinet Office Order) and other amounts of contributions specified by Cabinet Office Order; and
  3. the portion of the amount that remains after deducting, from the total amount of membership fees received from members, the amount calculated by multiplying that total amount by the ratio specified by Cabinet Office Order as prescribed in the following item, up to the amount set forth in 2.;
- (b) the number obtained by multiplying the total number of standard contributors in each business year containing the days within the period for assessing performance ("standard contributor" means a person the total amount of whose contributions (limited to contributions for which the name of the contributor (in the case of a corporation, its name) and other matters specified by Cabinet Office Order are clear; hereinafter the same applies in (b)) in the relevant business year (if the person is an individual, the total amount including the amount of contributions from persons who share the same livelihood with that person in the relevant business year) is equal to or more than the amount specified by Cabinet Order, and excludes officers of the corporation engaging in specified non-profit activities that has filed the application and persons who share the same livelihood with those officers; the same applies hereinafter) (if a standard contributor who is an individual shares the same livelihood with any other standard contributors in the relevant business year, the standard contributor and

any other standard contributors are counted as one) by 12 and dividing the product by the number of months during the period for assessing performance is equal to or more than the number specified by Cabinet Order; and

- (c) as of the day preceding the day on which the corporation submitted a written application set forth in paragraph (2) of the preceding Article, the corporation is specified as a corporation engaging in specified non-profit activities that receives the contributions set forth in Article 37-2, paragraph (1), item (iv) of the Local Tax Act (Act No. 226 of 1950) (including when the provisions apply mutatis mutandis to Tokyo Metropolis under Article 1, paragraph (2) of the same Act) or the contributions set forth in Article 314-7, paragraph (1), item (iv) of the same Act (including when the provisions apply mutatis mutandis to special wards under Article 1, paragraph (2) of the same Act) by Prefectural or Municipal Ordinance that provides for these contributions (limited to a corporation that has an office within the area of the prefecture (including Tokyo Metropolis) or the municipality (including special wards) that has established the relevant Ordinance);
- (ii) the ratio specified by Cabinet Office Order as the ratio of the following activities among the corporation's business activities during the period for assessing performance is less than 50 percent:
  - (a) transfer or loan of assets, or provision of services (hereinafter referred to as "transfer, etc. of assets") targeting the members or others specified by Cabinet Office Order as being equivalent thereto (excluding persons not involved in the management or execution of operations of the corporation engaging in specified non-profit activities that has filed the application as specified by Cabinet Office Order; hereinafter referred to as the "members, etc." in this item), mutual exchange among the members, etc., contact or opinion exchange and other activities targeting the members, etc. (excluding transfer, etc. of assets that is carried out without receiving consideration and other activities specified by Cabinet Office Order);
  - (b) activities whose benefits are received by the following persons and by a specific range of other persons (if the corporation conforms to the criteria set forth in (c) of the preceding item, excluding a person set forth in 4.) (excluding activities targeting the members, etc. specified by Cabinet Office Order and transfer, etc. of assets targeting the members, etc.):
    1. the members, etc.;
    2. a member of a specific organization;
    3. a person belonging to a specific job category; and
    4. a person who resides or has an office or other equivalent facility in an area specified by Cabinet Office Order as a specific area;

- (c) dissemination and awareness raising, advertisement, research and study, information provision, and other activities concerning a specific work or specific person; and
  - (d) activities requiring from a specific person an action or inaction against the person's will;
- (iii) the corporation's operational structure and accounting conform to the following criteria:
- (a) for each officer, the number of each of the following persons accounts for one-third or less among the total number of officers:
    1. the officer, spouse and relatives within the third degree of kinship, and persons who have a special relationship specified by Cabinet Office Order with the officer;
    2. an officer or employee of a specific corporation (including a corporation with which the corporation has a relationship whereby out of the total number or total amount of the issued shares or capital contributions (excluding shares or capital contributions held thereby), 50 percent or more of the shares or capital contributions are held directly or indirectly, or another relationship specified by Cabinet Office Order), and spouse and relatives within the third degree of kinship, and persons who have a special relationship specified by Cabinet Office Order with the officer or employee;
  - (b) the votes of all members are of equal value;
  - (c) the corporation has its accounting audited by a certified public accountant or an audit corporation, or retains books and documents, and records the transactions therein as provided for by Cabinet Office Order and preserves those books and documents;
  - (d) the corporation does not keep the accounting in a manner specified by Cabinet Office Order as improper accounting such as that the expenditures contain those for unclear purposes;
- (iv) the corporation's business activities conform to the following criteria:
- (a) the corporation does not carry out the following activities:
    1. to disseminate religious teachings, conduct ceremonies and functions, and educate and nurture believers;
    2. to promote, support or oppose any political doctrine or policy; and
    3. to recommend, support or oppose any candidate for a specific public office, any person holding public office, or any political party;
  - (b) the corporation does not provide any special benefits to its officers, members, employees, or contributors, or the spouse or relatives within the third degree of kinship of these persons, or persons who have a special relationship specified by Cabinet Office Order with these persons, and otherwise conforms to the criteria specified by Cabinet Office Order as

- having no special relationship with any specific persons;
  - (c) the ratio specified by Cabinet Office Order as the ratio of the amount of the operating expenses for the specified non-profit activities among the total operating expenses during the period for assessing performance or the ratio equivalent thereto is equal to or more than 80 percent; and
  - (d) the corporation appropriates 70 percent or more of the total amount of received contributions during the period for assessing performance for the business pertaining to the specified non-profit activities;
  - (v) if the corporation has received a request for the inspection of any of the following documents, it makes them available for inspection at its office except if there are justifiable grounds for not doing so:
    - (a) business reports, etc., a list of officers, and the articles of incorporation, etc.;
    - (b) the documents set forth in paragraph (2), items (ii) and (iii) of the preceding Article, the documents set forth in Article 54, paragraph (2), items (ii) through (iv), and the document set forth in paragraph (3) of that Article;
  - (vi) the corporation has submitted business reports, etc. to the competent authority under Article 29 in each business year;
  - (vii) the corporation has not committed any violation of laws and regulations or dispositions rendered by an administrative agency based on laws and regulations, or obtained or intended to obtain profits through deception or other wrongful acts, or any other acts against public interest;
  - (viii) as of the first day of the business year that contains the day on which the corporation submitted a written application set forth in paragraph (2) of the preceding Article, a period exceeding one year has passed from the date of its incorporation; and
  - (ix) the corporation conforms to the criteria set forth in item (iii), item (iv), (a) and (b), and items (v) through (vii) during the period for assessing performance (if the period for assessing performance includes any term during which the corporation has not obtained the approval set forth in paragraph (1) of the preceding Article or the special approval set forth in Article 58, paragraph (1), excluding the criteria set forth in item (v), (b) for that term).
- (2) Notwithstanding the provisions of the preceding paragraph, if government subsidies, etc. were granted during the period for assessing performance for a corporation engaging in specified non-profit activities that has filed an application for the approval set forth in paragraph (1) of the preceding Article or if a small-sized corporation engaging in specified non-profit activities specified by Cabinet Order has filed an application for the approval set forth in that paragraph, the calculation of the ratio prescribed in item (i), (a) of the

preceding paragraph may be made by a method specified by Cabinet Order.

(Application for Merged Corporations Engaging in Specified Non-profit Activities)

Article 46 If a corporation engaging in specified non-profit activities that intends to obtain the approval set forth in Article 44, paragraph (1) is a corporation engaging in specified non-profit activities that continues to exist after a merger or has been incorporated through a merger, for which a period exceeding one year has not passed since the date of the merger or incorporation as of the first day of the business year and the corporation intends to submit a written application set forth in Article 44, paragraph (2), beyond what is provided for in the preceding two Articles, the particulars necessary for the application of the provisions of the preceding two Articles are to be provided for by Cabinet Order.

(Grounds for Disqualification)

Article 47 Notwithstanding the provisions of Article 45, a corporation engaging in specified non-profit activities that falls under any of the following may not obtain the approval set forth in Article 44, paragraph (1):

- (i) a corporation that has an officer who falls under any of the following:
  - (a) if an approved corporation engaging in specified non-profit activities has had its approval set forth in Article 44, paragraph (1) rescinded under Article 67, paragraph (1) or (2), or if a specially approved corporation engaging in specified non-profit activities has had its special approval set forth in Article 58, paragraph (1) rescinded under Article 67, paragraph (1) or (2) as applied mutatis mutandis pursuant to paragraph (3) of that Article, a person who used to be the director performing the operations of the approved corporation engaging in specified non-profit activities or the specially approved corporation engaging in specified non-profit activities within one year prior to the day on which the fact that caused the rescission occurred, and for whom five years have not passed since the date of the rescission;
  - (b) a person who has been sentenced to imprisonment without work or heavier punishment, and for whom five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
  - (c) a person who has been sentenced to the payment of a fine as a result of having violated the provisions of this Act or the Act on Prevention of Unjust Acts by Organized Crime Group Members, committed a crime set forth in Article 204, 206, 208, 208-2, 222, or 247 of the Penal Code or a crime under the Act on Punishment of Physical Violence and Others, or

- violated the provisions in the Acts relating to national or local taxes that provide for crimes concerning exemption of or failure to pay national or local taxes or receipt of return of these taxes through deception or other wrongful acts, or attempts to commit these acts of violation, and for whom five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement; or
- (d) an organized crime group member, etc.;
  - (ii) a corporation that has had its approval set forth in Article 44, paragraph (1) rescinded under Article 67, paragraph (1) or (2), or has had its special approval set forth in Article 58, paragraph (1) rescinded under Article 67, paragraph (1) or (2) as applied mutatis mutandis pursuant to paragraph (3) of that Article, and for which five years have not passed since the date of the rescission;
  - (iii) a corporation whose articles of incorporation or business plans violate any of the laws and regulations or dispositions rendered by an administrative agency based on laws and regulations;
  - (iv) a corporation that has been subject to the execution of a disposition for delinquent payment of national or local taxes, or for which three years have not passed since the date of the completion of the disposition for delinquent payment;
  - (v) a corporation for which three years have not passed since the day on which a heavy additional tax was imposed in relation to national or local taxes; and
  - (vi) a corporation falling under either of the following:
    - (a) an organized crime group;
    - (b) a corporation under the control of an organized crime group or one of its members, etc.

(Hearing of Opinions Concerning Approval)

Article 48 If the competent authority intends to grant the approval set forth in Article 44, paragraph (1), it may hear opinions of the persons specified in the following items regarding the existence or non-existence of the relevant grounds in accordance with the category of the grounds set forth therein:

- (i) the grounds prescribed in item (i), (d) and item (vi) of the preceding Article: the Superintendent General of the Metropolitan Police Department or the Chief of the Prefectural Police Headquarters;
- (ii) the grounds prescribed in items (iv) and (v) of the preceding Article: the commissioner of the National Tax Agency, the governor of the relevant prefecture, or the mayor of the relevant municipality (hereinafter referred to as the "commissioner of the National Tax Agency, etc.").

(Notice of Approval)

Article 49 (1) If the competent authority has decided to grant the approval set forth in Article 44, paragraph (1), it must give a written notice of that fact to the corporation engaging in specified non-profit activities that has filed the application, and if the competent authority has decided not to grant the approval set forth in that paragraph, it must give a written notice of that fact and the grounds therefor to the corporation that has filed the application, promptly.

(2) If the competent authority has granted the approval set forth in Article 44, paragraph (1), it must give public notice on the following matters concerning the approved corporation engaging in specified non-profit activities by an appropriate means, such as the use of the Internet:

(i) its name;

(ii) the name of its representative;

(iii) locations of its principal office and other offices;

(iv) the validity period of the approval; and

(v) beyond what is set forth in the preceding items, the matters specified by Ordinance of the prefecture or designated city.

(3) If the competent authority has granted the approval set forth in Article 44, paragraph (1) with regard to a corporation engaging in specified non-profit activities that has offices in areas of two or more prefectures, it must give notice of the name of the approved corporation engaging in specified non-profit activities and other matters specified by Cabinet Office Order to the governors of the prefectures wherein its offices are located, other than the prefecture wherein its principal office is located (hereinafter referred to as the "relevant prefectural governors other than the competent authority").

(4) If an approved corporation engaging in specified non-profit activities that has offices in areas of two or more prefectures has received a notice of approval under paragraph (1), it must submit the following documents to the relevant prefectural governors other than the competent authority, without delay, as provided for by Cabinet Office Order:

(i) the most recent business reports, etc. (for the period until the documents are prepared after a merger, the business plans set forth in Article 10, paragraph (1), item (vii) as applied mutatis mutandis pursuant to Article 34, paragraph (5), budget statements set forth in Article 10, paragraph (1), item (viii) as applied mutatis mutandis pursuant to Article 34, paragraph (5), and inventory of assets set forth in Article 35, paragraph (1); the same applies in Article 52, paragraph (4)), a list of officers, and the articles of incorporation, etc.;

(ii) duplicates of documents to be attached as set forth in the items of Article 44, paragraph (2) that have been submitted to the competent authority under that paragraph; and



(iii) duplicates of documents relating to the approval.

(Restriction on Use of the Name)

Article 50 (1) No person other than an approved corporation engaging in specified non-profit activities may use in its name or trade name words that are likely to cause the misperception that the corporation is an approved corporation engaging in specified non-profit activities.

(2) No person may use, with a wrongful purpose, any name or trade name that is likely to cause the misperception that the corporation is another approved corporation engaging in specified non-profit activities.

(Validity Period of Approval and Renewal Thereof)

Article 51 (1) The validity period of the approval set forth in Article 44, paragraph (1) (if the validity period has been renewed as set forth in the following paragraph, the renewed validity period; hereinafter the same applies in this Article and Article 57, paragraph (1), item (i)) is five years from the date of the granting of the approval (if the validity period has been renewed as set forth in the following paragraph, from the day following the expiration date of the validity period of the former approval; the same applies in Article 54, paragraph (1)).

(2) An approved corporation engaging in specified non-profit activities that intends to continue specified non-profit activities as an approved corporation engaging in specified non-profit activities even after the expiration of the validity period set forth in the preceding paragraph must have the validity period renewed.

(3) An approved corporation engaging in specified non-profit activities that intends to renew the validity period as set forth in the preceding paragraph must file an application for the renewal of the validity period with the competent authority within a period from six months to three months prior to the expiration date of the validity period set forth in paragraph (1) (hereinafter referred to as the "renewal application period" in this paragraph); provided, however, that this does not apply if it is impossible to file an application during the renewal application period due to a disaster or other unavoidable circumstances.

(4) If an application set forth in the preceding paragraph has been filed and no disposition has been rendered for the application by the expiration date of the validity period set forth in paragraph (1), the former approval remains effective even after the expiration of the validity period set forth in that paragraph until the disposition is rendered.

(5) The provisions of Article 44, paragraph (2) (excluding the part pertaining to item (i)) and paragraph (3), Article 45, paragraph (1) (excluding the part

pertaining to item (iii), (b), and items (vi), (viii) and (ix)) and paragraph (2), Articles 46 through 48, and Article 49, paragraphs (1) and (2) and paragraph 4 (excluding the part pertaining to item (i)) apply mutatis mutandis to the renewal of the validity period set forth in paragraph (2); provided, however, that the documents set forth in Article 44, paragraph (2), items (ii) and (iii) do not need to be attached if there is no change in the content of these documents already submitted to the competent authority.

(Special Provisions Concerning Report of Changes in Officers, Report of Changes to Articles of Incorporation, Submission of Business Reports, and Inspection of These Documents)

Article 52 (1) With regard to the application of the provisions of Article 23, Article 25, paragraphs (6) and (7), and Article 29 to approved corporations engaging in specified non-profit activities, the phrase "to the competent authority" in these provisions is to be replaced with "to the competent authority (for an approved corporation engaging in specified non-profit activities that has offices in areas of two or more prefectures, to the competent authority and the relevant prefectural governors other than the competent authority)".

(2) If an approved corporation engaging in specified non-profit activities that has offices in areas of two or more prefectures has obtained the certification for a change to the articles of incorporation set forth in Article 25, paragraph (3), it must submit a transcript of the minutes of the general meeting of members at which the change to the articles of incorporation was resolved and the articles of incorporation after the change to the relevant prefectural governors other than the competent authority, without delay, as provided for by Ordinance of the prefectures or designated city.

(3) In the case referred to in Article 26, paragraph (1), an approved corporation engaging in specified non-profit activities must attach a list of contributors and other documents specified by Cabinet Office Order to the written application, in addition to documents to be attached as set forth in paragraph (2) of that Article, as provided for by Cabinet Office Order.

(4) If an approved corporation engaging in specified non-profit activities has received a request for the inspection of the business reports, a list of officers, or the articles of incorporation, etc., it must make them available for inspection at its office except when there are justifiable grounds for not doing so.

(Report of Change in the Representative's Name and Notice on Establishment and Abolition of Offices)

Article 53 (1) If there has been a change in the name of the representative, an approved corporation engaging in specified non-profit activities must report

that fact to the competent authority without delay.

- (2) If the competent authority has granted the certification set forth in Article 25, paragraph (3) for a change to the articles of incorporation of an approved corporation engaging in specified non-profit activities regarding the matters set forth in the items of Article 49, paragraph (2) (excluding items (ii) and (iv)), or has received a report set forth in paragraph (6) of that Article, or if it has received a report set forth in the preceding paragraph or there has been any change in the matters set forth in Article 49, paragraph (2), item (v), the competent authority must give public notice of that fact by an appropriate means, such as the use of the Internet.
- (3) If the competent authority has granted the certification set forth in Article 25, paragraph (3) for a change to the articles of incorporation of an approved corporation engaging in specified non-profit activities regarding the establishment of a new office in an area in a prefecture other than the prefectures wherein its offices are already located or the abolishment of all offices in areas in prefectures other than the prefecture wherein its principal office is located, or has received a report set forth in paragraph (6) of that Article, the competent authority must give notice of that fact to the governors of the relevant prefectures.
- (4) If an approved corporation engaging in specified non-profit activities has established a new office in an area in a prefecture other than the prefectures wherein its offices are already located, it must submit the documents set forth in the items of Article 49, paragraph (4) to the governor of the relevant prefecture, without delay, as provided for by Cabinet Office Order.

(Retention and Inspection of Documents Attached to Written Application for Approval and Officers' Remuneration Rules)

- Article 54 (1) If an approved corporation engaging in specified non-profit activities has obtained the approval set forth in Article 44, paragraph (1), it must retain the documents set forth in paragraph (2), items (ii) and (iii) of that Article at its office for five years from the date of the granting of the approval set forth in paragraph (1) of that Article, as provided for by ordinance of the relevant prefecture or designated city.
- (2) An approved corporation engaging in specified non-profit activities must prepare the following documents within the first three months of each business year, as provided for by ordinance of the relevant prefecture or designated city, and retain the document set forth in item (i) for five years from the date of preparation thereof and the documents set forth in items (ii) through (iv) for the period up to the final day of the business year that contains the day on which five years have passed since the date of preparation thereof, at its office:
    - (i) a list of contributors for the previous business year;

- (ii) rules concerning the payment of officers' remuneration or employees' salaries for the previous business year;
  - (iii) a document stating the details of profits and other matters concerning funds, matters concerning transfer, etc. of assets, matters concerning contributions, and other matters specified by Cabinet Office Order for the previous business year;
  - (iv) beyond what is set forth in the preceding three items, the documents specified by Cabinet Office Order.
- (3) If an approved corporation engaging in specified non-profit activities has provided subsidies, it must prepare a document stating its subsidizing services, without delay, as provided for by ordinance of the relevant prefecture or designated city, and retain it at its office for the period up to the final day of the business year that contains the day on which five years have passed since the date of preparation thereof.
- (4) If an approved corporation engaging in specified non-profit activities has received a request for the inspection of the document set forth in Article 44, paragraph (2), item (ii) or (iii), the documents set forth in paragraph (2), items (ii) through (iv), or the document set forth in the preceding paragraph, it must make them available for inspection at its office except if there are justifiable grounds for not doing so.

(Submission of Officers' Remuneration Rules)

- Article 55 (1) An approved corporation engaging in specified non-profit activities must submit the documents set forth in paragraph (2), items (ii) through (iv) of the preceding Article to the competent authority (for an approved corporation engaging in specified non-profit activities that has offices in areas of two or more prefectures, to the competent authority and the relevant prefectural governors other than the competent authority; the same applies in the following paragraph), once every business year, as provided for by Ordinance of the prefecture or designated city.
- (2) If an approved corporation engaging in specified non-profit activities has provided subsidies, it must submit the document set forth in paragraph (3) of the preceding Article to the competent authority, as provided for by Ordinance of the prefecture or designated city.

(Disclosure of Officers' Remuneration Rules)

- Article 56 If the competent authority has received a request for the inspection or copying of the document set forth in Article 44, paragraph (2), item (ii) or (iii), the documents set forth in Article 54, paragraph (2), items (ii) through (iv), or the document set forth in paragraph (3) of that Article (limited to those submitted in the last five years) submitted by an approved corporation

engaging in specified non-profit activities, the competent authority must make them available for inspection or copying, as provided for by Ordinance of the prefecture or designated city.

(Expiration of Approval)

Article 57 (1) If any of the following circumstances has occurred for an approved corporation engaging in specified non-profit activities, the approval therefor set forth in Article 44, paragraph (1) ceases to be effective:

(i) if the validity period of the approval set forth in Article 44, paragraph (1) has elapsed (in the case prescribed in Article 51, paragraph (4), a disposition to refuse the renewal has been rendered);

(ii) if an approved corporation engaging in specified non-profit activities has merged with a corporation engaging in specified non-profit activities that is not an approved one, and the merger has become effective without obtaining the approval set forth in Article 63, paragraph (1) (in the case prescribed in paragraph (4) of that Article, if a disposition not to approve the merger has been rendered);

(iii) if an approved corporation engaging in specified non-profit activities has dissolved.

(2) If the approval set forth in Article 44, paragraph (1) has ceased to be effective under the preceding paragraph, the competent authority must give public notice of that fact by an appropriate means, such as the use of the Internet.

(3) if the approval set forth in Article 44, paragraph (1) has ceased to be effective under the preceding paragraph with regard to an approved corporation engaging in specified non-profit activities that has offices in areas of two or more prefectures, the competent authority must give public notice of that fact to the relevant prefectural governors other than the competent authority.

## **Section 2 Specially Approved Corporations Engaging in Specified Non-profit Activities**

(Special Approval)

Article 58 (1) A newly incorporated corporation engaging in specified non-profit activities whose operational structure and business activities are appropriate, which has a basis of sound development of specified non-profit activities, and is expected to contribute to enhancing public interest may obtain special approval from the competent authority.

(2) The provisions of Article 44, paragraph (2) (excluding the part pertaining to item (i)) and paragraph (3) apply mutatis mutandis to a corporation engaging in specified non-profit activities that intends to obtain the special approval set forth in the preceding paragraph. In this case, the phrase "five years prior to

the final day of the most recently ended business year of a corporation engaging in specified non-profit activities that intends to obtain the approval set forth in paragraph (1) (or within two years if a corporation engaging in specified non-profit activities that has never obtained the approval set forth in that paragraph intends to obtain the approval set forth in that paragraph)" in paragraph (3) of that Article is deemed to be replaced with "two years prior to the final day of the most recently ended business year of a corporation engaging in specified non-profit activities that intends to obtain the approval set forth in paragraph (1)".

(Criteria for Special Approval)

Article 59 If the competent authority finds that a corporation engaging in specified non-profit activities that has filed an application for the approval set forth in paragraph (1) of the preceding Article conforms to the criteria set forth in the following items, the competent authority is to grant the special approval set forth in that paragraph:

- (i) the corporation conforms to the criteria set forth in Article 45, paragraph (1), items (ii) through (ix);
- (ii) as of the day preceding the day on which the corporation submitted a written application set forth in Article 44, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2) of the preceding Article, the corporation is a corporation engaging in specified non-profit activities for which five years have not passed since the date of its incorporation (if the corporation engaging in specified non-profit activities is one that continues to exist after a merger, since the earliest date among the date of incorporation of that corporation and the dates of incorporation of other corporations engaging in specified non-profit activities that have ceased to exist due to the merger; and if the corporation engaging in specified non-profit activities is one that has been incorporated through a merger, since the earliest date among the dates of incorporation of the corporations engaging in specified non-profit activities that have ceased to exist due to the merger);
- (iii) the corporation has not obtained the approval set forth in Article 44, paragraph (1) or the special approval set forth in paragraph (1) of the preceding Article.

(Validity Period of Special Approval)

Article 60 The validity period of the special approval set forth in Article 58, paragraph (1) is three years from the date of the granting of the special approval.

(Expiration of Special Approval)

Article 61 If any of the following circumstances has occurred for a specially approved corporation engaging in specified non-profit activities, the special approval therefor set forth in Article 58, paragraph (1) ceases to be effective:

- (i) if the validity period of the special approval set forth in Article 58, paragraph (1) has passed;
- (ii) if the specially approved corporation engaging in specified non-profit activities has merged with a corporation engaging in specified non-profit activities that is not a specially approved one, and the merger has become effective without obtaining the approval set forth in Article 63, paragraph (1) or (2) (in the case prescribed in paragraph (4) of that Article, if a disposition not to approve the merger has been rendered);
- (iii) if the specially approved corporation engaging in specified non-profit activities has dissolved;
- (iv) if the specially approved corporation engaging in specified non-profit activities has obtained the approval set forth in Article 44, paragraph (1).

(Mutatis Mutandis Application of the Provisions Concerning Approved Corporations Engaging in Specified Non-profit Activities)

Article 62 The provisions of Articles 46 through 50, Articles 52 through 56, and Article 57, paragraphs (2) and (3) apply mutatis mutandis to specially approved corporations engaging in specified non-profit activities. In this case, in Article 54, paragraph (1), the term "five years" is deemed to be replaced with "three years"; in paragraph (2) of that Article, the term "five years" is deemed to be replaced with "three years" and the phrase "the business year that contains the day on which five years have passed since the date of preparation thereof" is deemed to be replaced with "the business year following the next business year of the relevant business year"; in paragraph (3) of that Article, the phrase "the final day of the business year that contains the day on which five years have passed" is deemed to be replaced with "the expiration date of the validity period set forth in Article 60"; and in Article 56, the term "five years" is deemed to be replaced with "three years".

### **Section 3 Merger of Approved Corporations Engaging in Specified Non-profit Activities**

Article 63 (1) If an approved corporation engaging in specified non-profit activities has merged with a corporation engaging in specified non-profit activities that is not an approved one, the corporation engaging in specified non-profit activities that continues to exist after the merger or has been incorporated through the merger succeeds to the status as an approved corporation engaging in specified non-profit activities under this Act that had

been held by the corporation engaging in specified non-profit activities that has ceased to exist due to the merger only if the merger has been approved by the competent authority.

- (2) If a specially approved corporation engaging in specified non-profit activities has merged with a corporation engaging in specified non-profit activities that is not a specially approved one (excluding a corporation that is an approved corporation engaging in specified non-profit activities), the corporation engaging in specified non-profit activities that continues to exist after the merger or has been incorporated through the merger succeeds to the status as a specially approved corporation engaging in specified non-profit activities under this Act that had been held by the corporation engaging in specified non-profit activities that has ceased to exist due to the merger only if the merger has been approved by the competent authority.
- (3) An approved corporation engaging in specified non-profit activities that intends to obtain the approval set forth in paragraph (1) or a specially approved corporation engaging in specified non-profit activities that intends to obtain the approval set forth in the preceding paragraph must file an application for the approval set forth in paragraph (1) or the preceding paragraph with the competent authority along with an application for the certification set forth in Article 34, paragraph (3).
- (4) If an application set forth in the preceding paragraph has been filed and no disposition has been rendered for the application by the day on which the merger becomes effective, the corporation engaging in specified non-profit activities that continues to exist after the merger or has been incorporated through the merger is deemed to succeed to the status as an approved corporation engaging in specified non-profit activities or a specially approved corporation engaging in specified non-profit activities under this Act that had been held by the corporation engaging in specified non-profit activities that has ceased to exist due to the merger until the disposition is rendered.
- (5) The provisions of Article 44, paragraphs (2) and (3), Article 45, Articles 47 through 49, and Article 54, paragraph (1) apply mutatis mutandis to the approval set forth in paragraph (1), and the provisions of Article 44, paragraphs (2) and (3) as applied mutatis mutandis pursuant to Article 58, paragraph (2), and of Article 59, and Articles 47 through 49, and Article 54, paragraph (1) as applied mutatis mutandis pursuant to the preceding Article apply mutatis mutandis to the approval set forth in paragraph (2). In this case, necessary technical replacement of terms and other matters necessary for the application of these provisions are to be provided for by Cabinet Order.

#### **Section 4 Supervision of Approved Corporations Engaging in Specified Non-profit Activities**



(Report and Inspection)

- Article 64 (1) If the competent authority finds that an approved corporation engaging in specified non-profit activities or a specially approved corporation engaging in specified non-profit activities (hereinafter referred to as an "approved corporation engaging in specified non-profit activities, etc.") is suspected of violating any of the laws and regulations, dispositions rendered by an administrative agency based on laws and regulations, or the articles of incorporation, or that its management is suspected of being significantly inappropriate, the competent authority may demand that the approved corporation engaging in specified non-profit activities, etc. make a report on its operations or the status of its assets, or have the competent authority's officials enter the offices or other facilities of the approved corporation engaging in specified non-profit activities, etc. and inspect its operations or the status of its assets, books, documents, or other articles.
- (2) If any of the relevant prefectural governors other than the competent authority finds that an approved corporation engaging in specified non-profit activities, etc. is suspected of violating any of the laws and regulations, dispositions rendered by an administrative agency based on laws and regulations, or the articles of incorporation, or that its management is suspected of being significantly inappropriate, the governor may demand that the approved corporation engaging in specified non-profit activities, etc. make a report on its operations or the status of its assets within the area of the relevant prefecture, or have the prefectural officials enter the offices or other facilities of the approved corporation engaging in specified non-profit activities, etc. located in the area of the relevant prefecture and inspect its operations or the status of its assets, books, documents, or other articles.
- (3) If the competent authority or any of the relevant prefectural governors other than the competent authority has its officials carry out the inspection under the preceding two paragraphs, the competent authority or the governor must have those officials present a document stating the grounds for finding the suspicion set forth in these paragraphs, in advance, to officers of the approved corporation engaging in specified non-profit activities, etc. or other persons who have the authority with regard to the management of the offices or other facilities subject to the inspection (referred to as the "officers, etc. of the approved corporation engaging in specified non-profit activities, etc." in paragraph (5)).
- (4) Notwithstanding the provisions of the preceding paragraph, if the competent authority or any of the relevant prefectural governors other than the competent authority finds any risk of hindering appropriate inspection under paragraph (1) or (2), the presentation of the document under the preceding

paragraph is not necessary.

- (5) In the case referred to in the preceding paragraph, the competent authority or any of the relevant prefectural governors other than the competent authority is to have its officials who carry out the inspection present a document stating the grounds for finding the suspicion set forth in paragraph (1) or (2) to the officers, etc. of the approved corporation engaging in specified non-profit activities, etc. by the time of completing the inspection under paragraph (1) or (2).
- (6) If the inspection under paragraph (1) or (2) has revealed the suspicion set forth in paragraph (1) or (2) with regard to any matters other than those presented as the grounds under paragraph (3) or the preceding paragraph, the provisions of paragraph (3) or the preceding paragraph do not preclude the officials who carry out the inspection under paragraph (1) or (2) from carrying out the inspection with regard to those matters. In this case, the provisions of paragraph (3) or the preceding paragraph do not apply to the inspection with regard to those matters.
- (7) The provisions of Article 41, paragraphs (3) and (4) apply *mutatis mutandis* to the inspection under paragraph (1) or (2).

#### (Recommendations and Orders)

- Article 65 (1) If there are reasonable grounds to find that an approved corporation engaging in specified non-profit activities, etc. is suspected of falling under any of the items of Article 67, paragraph (2) (including when applied *mutatis mutandis* pursuant to paragraph (3) of that Article; the same applies in the following paragraph), the competent authority may recommend the approved corporation engaging in specified non-profit activities, etc. to take measures necessary for improvement within a time limit specified by the competent authority.
- (2) If there are reasonable grounds to find that an approved corporation engaging in specified non-profit activities, etc. is suspected of falling under any of the items of Article 67, paragraph (2) (for item (i), excluding the part pertaining to Article 45, paragraph (1), item (iii)), any of the relevant prefectural governors other than the competent authority may recommend the approved corporation engaging in specified non-profit activities, etc. to take measures necessary for improvement for its business activities within the area of the relevant prefecture within a time limit specified by the governor.
  - (3) If the competent authority or any of the relevant prefectural governors other than the competent authority has made a recommendation under the preceding two paragraphs, the competent authority or the governor must publicize the details of the recommendation by an appropriate means, such as the use of the Internet.

- (4) If an approved corporation engaging in specified non-profit activities, etc. that had received the recommendation under paragraph (1) or (2) has failed to take measures as recommended without justifiable grounds, the competent authority or the relevant prefectural governors other than the competent authority may order the approved corporation engaging in specified non-profit activities, etc. to take measures as recommended.
- (5) The competent authority or the relevant prefectural governors other than the competent authority must endeavor to make a recommendation under paragraphs (1) and (2) and issue an order under the preceding paragraph in writing.
- (6) If the competent authority or any of the relevant prefectural governors other than the competent authority has issued an order under paragraph (4), the competent authority or the governor must give a public notice of that fact by an appropriate means, such as the use of the Internet.
- (7) If the competent authority or any of the relevant prefectural governors other than the competent authority intends to make a recommendation under paragraphs (1) and (2) or issue an order under paragraph (4), the competent authority or the governor may hear opinions of the persons specified in the following items regarding the existence or non-existence of the relevant grounds in accordance with the category of the grounds set forth therein:
  - (i) the grounds prescribed in Article 47, item (i), (d) or item (vi): the Superintendent General of the Metropolitan Police Department or the Chief of the Prefectural Police Headquarters;
  - (ii) the grounds prescribed in Article 47, item (iv) or (v): the Commissioner of the National Tax Agency, etc.

(Suspension of Other Businesses)

Article 66 (1) If the competent authority finds that an approved corporation engaging in specified non-profit activities that also conducts other businesses has used the profits arising from those other businesses for any purpose other than the business pertaining to its specified non-profit activities in violation of the provisions of Article 5, paragraph (1), the competent authority may order the approved corporation engaging in specified non-profit activities to suspend those other businesses.

- (2) The provisions of paragraphs (5) and (6) of the preceding Article apply *mutatis mutandis* to an order under the preceding paragraph.

(Rescission of Approval or Special Approval)

Article 67 (1) If an approved corporation engaging in specified non-profit activities falls under any of the following, the competent authority must rescind the approval therefor set forth in Article 44, paragraph (1):

- (i) the corporation falls under any of the items of Article 47 (excluding item (ii));
  - (ii) the corporation has obtained the approval set forth in Article 44, paragraph (1), renewed the validity period set forth in Article 51, paragraph (2), or obtained the approval set forth in Article 63, paragraph (1) through deception or other wrongful means;
  - (iii) the corporation has failed to follow an order under Article 65, paragraph (4) or paragraph (1) of the preceding Article without justifiable grounds;
  - (iv) the corporation has applied for the rescission of the approval therefor set forth in Article 44, paragraph (1).
- (2) If an approved corporation engaging in specified non-profit activities falls under any of the following, the competent authority may rescind the approval therefor set forth in Article 44, paragraph (1):
- (i) the corporation has ceased to conform to the criteria set forth in Article 45, paragraph (1), item (iii), item (iv), (a) or (b), or item (vii);
  - (ii) the corporation does not observe the provisions of Article 29, Article 52, paragraph (4), or Article 54, paragraph (4);
  - (iii) beyond what is provided for in the preceding two items, the corporation has violated any of the laws and regulations or dispositions rendered by an administrative agency based on laws and regulations.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to the special approval set forth in Article 58, paragraph (1). In this case, the phrase "renewed the validity period set forth in Article 51, paragraph (2), or obtained the approval set forth in Article 63, paragraph (1)" in paragraph (1), item (ii) is deemed to be replaced with "or the approval set forth in Article 63, paragraph (2)".
- (4) The provisions of Article 43, paragraphs (3) and (4), Article 49, paragraphs (1) to (3), and Article 65, paragraph (7) apply mutatis mutandis to the rescission of the approval under paragraph (1) or (2) (referred to as the "rescission of the approval" in Article 69) and the rescission of the special approval under paragraph (1) or (2) as applied mutatis mutandis pursuant to the preceding paragraph (referred to as the "rescission of the special approval" in that Article).

(Opinions to the Competent Authority)

Article 68 (1) If an approved corporation engaging in specified non-profit activities, etc. fails to follow an order under Article 65, paragraph (4) or otherwise, and it is found necessary for the competent authority to take appropriate measures against the approved corporation engaging in specified non-profit activities, etc., the relevant prefectural governors other than the competent authority may state opinions to that effect to the competent

authority.

- (2) If there are reasonable grounds to suspect the existence of the grounds specified in the following items for an approved corporation engaging in specified non-profit activities, etc. and it is therefore found necessary for the competent authority to take appropriate measures against the approved corporation engaging in specified non-profit activities, etc., the persons respectively set forth in the following items may state opinions to that effect to the competent authority:
- (i) the Superintendent General of the Metropolitan Police Department or the Chief of the Prefectural Police Headquarters: the grounds falling under Article 47, item (i), (d) or item (vi);
  - (ii) the Commissioner of the National Tax Agency, etc.: the grounds falling under Article 47, item (iv) or (v).
- (3) If the competent authority finds it especially necessary for performing the affairs concerning approved corporations engaging in specified non-profit activities, etc. prescribed in this Chapter, the competent authority may make a necessary request to the relevant prefectural governors other than the competent authority with regard to the measures to be taken by the prefectural governors.

(Instruction to the Competent Authority)

Article 69 If the Prime Minister finds it especially necessary in order to ensure balance among regions in connection with the performance of the affairs concerning approved corporations engaging in specified non-profit activities, etc. prescribed in this Chapter, the Prime Minister may instruct the competent authority to make a recommendation under Article 65, paragraph (1), issue an order under paragraph (4) of that Article, issue an order under Article 66, paragraph (1), rescind the approval or the special approval, or take other measures.

#### **Chapter IV Special Provisions for Tax Treatment**

Article 70 (1) With regard to the application of the provisions of the Corporation Tax Act and other laws and regulations concerning corporation taxes, a corporation engaging in specified non-profit activities is deemed to be a public interest corporation, etc. prescribed in Article 2, item (vi) of the same Act. In this case, when applying the provisions of Article 37 of the same Act, the phrase "public interest corporation, etc. (excluding)" in paragraph (4) of that Article is to be replaced with "public interest corporation, etc. (excluding the corporation prescribed in Article 2, paragraph (2) of the Act on Promotion of Specified Non-profit Activities (Act No. 7 of 1998) (hereinafter referred to as a

"corporation engaging in specified non-profit activities") and"; when applying the provisions of Article 66 of the same Act, the term "ordinary corporation" in paragraphs (1) and (2) of that Article is to be replaced with "ordinary corporation (including a corporation engaging in specified non-profit activities)", and the phrase "public interest corporation, etc. (excluding" in paragraph (3) of that Article is to be replaced with "public interest corporation, etc. (excluding a corporation engaging in specified non-profit activities and"; and when applying the provisions of Article 68-6 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957), the phrase "a corporation deemed to be a public interest corporation, etc. prescribed in that item by any Acts other than the same Act" in that Article is to be replaced with "a corporation deemed to be a public interest corporation, etc. prescribed in that item by any Acts other than the same Act (for the corporation prescribed in Article 2, paragraph (2) of the Act on Promotion of Specified Non-profit Activities, limited to a corporation specified by Cabinet Order as a small-sized corporation)".

- (2) With regard to the application of the provisions of the Consumption Tax Act (Act No. 108 of 1988) and other laws and regulations concerning consumption taxes, a corporation engaging in specified non-profit activities is deemed to be any of the corporations set forth in Appended Table 3 of the same Act.
- (3) With regard to the application of the provisions of the Land Value Tax Act (Act No. 69 of 1991) and other laws and regulations concerning land value taxes (excluding the provisions of Article 33 of the same Act), a corporation engaging in specified non-profit activities is deemed to be a public interest corporation, etc. prescribed in Article 2, item (vi) of the same Act; provided, however, that with regard to the application of the provisions of laws and regulations concerning the exemption from land value taxes under Article 6 of the same Act, a corporation engaging in specified non-profit activities is deemed to be a association, etc. without legal personality prescribed in Article 2, item (vii) of the same Act.

Article 71 If an individual or a corporation makes a contribution or donation to an approved corporation engaging in specified non-profit activities in relation to the business pertaining to its specified non-profit activities, a deduction for a contribution or donation, or other special provisions for taxation regarding income tax, corporation tax or inheritance tax are applied to the individual or the corporation as provided for by the Act on Special Measures Concerning Taxation.

## **Chapter V Miscellaneous Provisions**

(Information Provision)

Article 72 (1) In order to promote citizens' participation in specified non-profit activities, such as through making contributions to corporations engaging in specified non-profit activities, the Prime Minister and the competent authority are to develop a database compiling business reports and other status of activities of approved corporations engaging in specified non-profit activities, etc. and other corporations engaging in specified non-profit activities, and take necessary measures so as to provide information to the general public promptly by the use of the Internet and other advanced information and telecommunications network.

(2) The competent authority and corporations engaging in specified non-profit activities are to make efforts for actively disclosing business reports and other status of activities of corporations engaging in specified non-profit activities by recording that kind of information in the database developed by the Prime Minister.

(Request for Cooperation)

Article 73 If the competent authority finds it necessary for the enforcement of this Act, it may make inquiries with or request cooperation from government agencies, public entities and any other persons.

(Application of the Act on Use of Information and Communications Technology in Administrative Procedures)

Article 74 When applying the provisions of the Act on Use of Information and Communications Technology in Administrative Procedures (Act No. 151 of 2002) to an application under Article 10, paragraph (1) and an inspection under paragraph (2) of that Article (including when applied mutatis mutandis pursuant to Article 25, paragraph (5), and Article 34, paragraph (5)), a notice under Article 12, paragraph (3) (including when applied mutatis mutandis pursuant to Article 25, paragraph (5), and Article 34, paragraph (5)), a report under Article 13, paragraph (2) (including when applied mutatis mutandis pursuant to Article 39, paragraph (2)), a report under Article 23, paragraph (1), an application under Article 25, paragraph (3), a report under paragraph (6) of that Article and a submission under paragraph (7) of that Article, a submission under Article 29, an inspection under Article 30, an application under Article 31, paragraph (2), an application under Article 34, paragraph (3), a delivery under Article 43, paragraph (4) (including when applied mutatis mutandis pursuant to Article 67, paragraph (4)), an application under Article 44, paragraph (1), a notice under Article 49, paragraph (1) (including when applied mutatis mutandis pursuant to Article 51, paragraph (5), Article 62 (including when applied mutatis mutandis pursuant to Article 63, paragraph (5)), Article

63, paragraph (5), and Article 67, paragraph (4)), and a submission under Article 49, paragraph (4) (including when applied mutatis mutandis pursuant to Article 51, paragraph (5), Article 62 (including when applied mutatis mutandis pursuant to Article 63, paragraph (5)), and Article 63, paragraph (5)), an application under Article 51, paragraph (3), a submission under Article 52, paragraph (2) (including when applied mutatis mutandis pursuant to Article 62), a submission under Article 53, paragraph (4) (including when applied mutatis mutandis pursuant to Article 62), a submission under Article 55, paragraphs (1) and (2) (including when these provisions are applied mutatis mutandis pursuant to Article 62), an inspection under Article 56 (including when applied mutatis mutandis pursuant to Article 62), an application under Article 58, paragraph (1), and an application under Article 63, paragraph (3), the term "Order of the competent ministry" in Act on Use of Information and Communications Technology in Administrative Procedures is to be replaced with "Ordinance of the prefecture or designated city" and the provisions of Article 12 of the same Act do not apply.

(Application of the Act on Use of Information and Communications Technology in Document Preservation Conducted by Private Companies)

Article 75 When applying the provisions of the Act on Use of Information and Communications Technology in Document Preservation, etc. Conducted by Private Companies, etc. (Act No. 149 of 2004) to preparation and retention under Article 14 (including when applied mutatis mutandis pursuant to Article 39, paragraph (2)), preparation and retention under Article 28, paragraph (1), retention under paragraph (2) of that Article and an inspection under paragraph (3) of that Article, preparation and retention under Article 35, paragraph (1), an inspection under Article 45, paragraph (1), item (v) (including when applied mutatis mutandis pursuant to Article 51, paragraph (5), and Article 63, paragraph (5)), an inspection under Article 52, paragraph (4) (including when applied mutatis mutandis pursuant to Article 62), retention under Article 54, paragraph (1) (including when applied mutatis mutandis pursuant to Article 62 (including when applied mutatis mutandis pursuant to Article 63, paragraph (5)), and Article 63, paragraph (5)), preparation and retention under Article 54, paragraphs (2) and (3) (including when these provisions are applied mutatis mutandis pursuant to Article 62), and an inspection under Article 54, paragraph (4) (including when applied mutatis mutandis pursuant to Article 62), the term "order of the competent ministry" in the same Act is to be replaced with "Ordinance of the prefecture or designated city" and the provisions of Article 9 of the same Act do not apply.

(Enforcement Provisions)



Article 76 Beyond what is provided for in this Act, procedures for enforcing this Act and other detailed regulations necessary for the execution thereof are to be provided for by Cabinet Office Order or Ordinance of the prefecture or designated city.

## Chapter VI Penal Provisions

Article 77 A person who has obtained the approval set forth in Article 44, paragraph (1), renewed the validity period set forth in Article 51, paragraph (2), or obtained the special approval set forth in Article 58, paragraph (1) or the approval set forth in Article 63, paragraph (1) or (2) through deception or other wrongful means is subject to punishment by imprisonment for not more than six months or a fine of not more than 500,000 yen.

Article 78 A person falling under any of the following items is punished by a fine of not more than 500,000 yen:

- (i) a person who has failed to take measures as ordered, without justifiable grounds, in violation of an order issued under Article 42;
- (ii) a person who has used in its name or trade name the words that are likely to cause the misperception that the person is an approved corporation engaging in specified non-profit activities, in violation of the provisions of Article 50, paragraph (1);
- (iii) a person who has used any name or trade name that is likely to cause the misperception that the person is another approved corporation engaging in specified non-profit activities, in violation of the provisions of Article 50, paragraph (2);
- (iv) a person who has used in its name or trade name the words that are likely to cause the misperception that the person is a specially approved corporation engaging in specified non-profit activities, in violation of the provisions of Article 50, paragraph (1) as applied mutatis mutandis pursuant to Article 62;
- (v) a person who has used any name or trade name that is likely to cause the misperception that the person is another specially approved corporation engaging in specified non-profit activities, in violation of the provisions of Article 50, paragraph (2) as applied mutatis mutandis pursuant to Article 62;
- (vi) a person who has failed to take measures as ordered, without justifiable grounds, in violation of an order issued under Article 65, paragraph (4);
- (vii) a person who has continuously conducted other business, without justifiable grounds, in violation of a suspension order issued under Article 66, paragraph (1).

Article 79 (1) If any representative or administrator of a corporation (including an organization without legal personality for which a representative or an administrator has been designated; hereinafter the same applies in this paragraph), or an agent, employee, or other worker of a corporation or an individual has committed any violation of the provisions set forth in the preceding two Articles with regard to the operations of the corporation or the individual, in addition to the offender, the corporation or the individual is also subject to punishment by the fine set forth in the respective Articles.

(2) When the provisions of the preceding paragraph apply to an organization without legal personality, its representative or administrator represents the organization with regard to any procedural act, and the provisions of Acts concerning criminal procedures apply mutatis mutandis if a corporation stands as the accused or the suspect.

Article 80 In a case falling under any of the following items, the directors, auditors or liquidators of a corporation engaging in specified non-profit activities are subject to punishment by a civil fine of not more than 200,000 yen:

(i) the corporation has negligently failed to complete registration in violation of Cabinet Order under Article 7, paragraph (1);

(ii) the corporation has failed to retain an inventory of assets in violation of the provisions of Article 14 (including when applied mutatis mutandis pursuant to Article 39, paragraph (2)), or has failed to enter the matters that should be entered therein, or has made a false entry therein;

(iii) the corporation has failed to make a report in violation of the provisions of Article 23, paragraph (1) or Article 25, paragraph (6) (including when these provisions are applied mutatis mutandis by replacing the terms pursuant to Article 52, paragraph (1) (including when applied mutatis mutandis pursuant to Article 62)), or Article 53, paragraph (1) (including when applied mutatis mutandis pursuant to Article 62), or has made a false report;

(iv) the corporation has failed to retain the documents in violation of the provisions of Article 28, paragraph (1) or (2), Article 54, paragraph (1) (including when applied mutatis mutandis pursuant to Article 62 (including when applied mutatis mutandis pursuant to Article 63, paragraph (5))), and Article 63, paragraph (5)), or Article 54, paragraphs (2) and (3) (including when these provisions are applied mutatis mutandis pursuant to Article 62), or has failed to enter the matters that should be entered therein, or has made a false entry therein;

(v) the corporation has negligently failed to submit the documents in violation of the provisions of Article 25, paragraph (7) or Article 29 (including when these provisions are applied mutatis mutandis by replacing the terms

- pursuant to Article 52, paragraph (1) (including when applied mutatis mutandis pursuant to Article 62)), Article 49, paragraph (4) (including when applied mutatis mutandis pursuant to Article 51, paragraph (5), Article 62 (including when applied mutatis mutandis pursuant to Article 63, paragraph (5)), and Article 63, paragraph (5)), or Article 52, paragraph (2), Article 53, paragraph (4), or Article 55, paragraph (1) or (2) (including when these provisions are applied mutatis mutandis pursuant to Article 62);
- (vi) the corporation has failed to file a petition for the commencement of bankruptcy proceedings in violation of the provisions of Article 31-3, paragraph (2) or Article 31-12, paragraph (1);
  - (vii) the corporation or the liquidators have failed to give a public notice in violation of the provisions of Article 28-2, paragraph (1), Article 31-10, paragraph (1), or Article 31-12, paragraph (1) or have given an improper public notice;
  - (viii) the corporation has failed to prepare the documents in violation of the provisions of Article 35, paragraph (1), or has failed to enter the matters that should be entered therein, or has made a false entry therein;
  - (ix) the corporation has violated the provisions of Article 35, paragraph (2), or Article 36, paragraph (2);
  - (x) the corporation has failed to make a report under Article 41, paragraph (1), or Article 64, paragraph (1) or (2), or has made a false report, or has refused, obstructed, or avoided inspection under these provisions.

Article 81 A person who has violated the provisions of Article 4 is subject to punishment by a civil fine of not more than 100,000 yen.

### **Supplementary Provisions [Act No. 70 of June 22, 2011] [Extract]**

- (Transitional Measures Concerning Business Reports and Activity Statements)
- Article 6 (1) The provisions of Article 28, paragraph (1) of the New Act on Promotion of Specified Non-profit Activities apply to business reports, etc. prescribed in that paragraph for the business years that start on or after the effective date, and prior laws continue to govern with regard to business reports, etc. and a list of officers, etc. prescribed in Article 28, paragraph (1) of the Former Act on Promotion of Specified Non-profit Activities for the business years that started before the effective date.
- (2) Notwithstanding the provisions of Article 28, paragraph (1) of the New Act on Promotion of Specified Non-profit Activities, until otherwise provided for by law, a corporation engaging in specified non-profit activities may prepare and retain an income and expenditure statement set forth in Article 27, item (iii) of the Former Act on Promotion of Specified Non-profit Activities, in lieu of an

activity statement set forth in Article 27, item (iii) of the New Act on Promotion of Specified Non-profit Activities.

- (3) An income and expenditure statement that may be prepared and retained under the preceding paragraph is deemed to be an activity statement set forth in Article 27, item (iii) of the New Act on Promotion of Specified Non-profit Activities and the provisions of the New Act on Promotion of Specified Non-profit Activities apply thereto.
- (4) The provisions of Article 29 of the New Act on Promotion of Specified Non-profit Activities apply to business reports, etc. prescribed in that Article for the business years that start on or after the effective date, and prior laws continue to govern with regard to the business reports, etc., a list of officers, etc., and the articles of incorporation prescribed in Article 29, paragraph (1) of the Former Act on Promotion of Specified Non-profit Activities for the business years that started before the effective date.

### **Supplementary Provisions [Act No. 70 of June 7, 2016] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding one year from the date of promulgation; provided, however, that the provisions set forth in the following items come into effect as of the date specified respectively therein:

- (i) the provisions amending the title of Article 72 and the provisions adding one paragraph to that Article: date of promulgation;
- (ii) the provisions amending Article 14-7, paragraph (3), the provisions adding one Article after Article 28, and the provisions amending Article 80, item (vii), as well as the provisions of Article 4 of the supplementary provisions: a day specified by Cabinet Order within a period not exceeding two years and six months from the date of promulgation.

(Transitional Measures Concerning Application for Certification)

Article 2 The provisions of Article 10, paragraphs (2) and (3) of the Act on Promotion of Specified Non-profit Activities after the amendment by this Act (hereinafter referred to as the "New Act") (including when these provisions are applied mutatis mutandis pursuant to Article 25, paragraph (5), and Article 34, paragraph (5) of the New Act) apply when an application for the certification set forth in Article 10, paragraph (1), Article 25, paragraph (3), or Article 34, paragraph (3) of the New Act is filed on or after the effective date of this Act (hereinafter referred to as the "effective date"), and prior laws continue to govern when an application for the certification set forth in Article 10, paragraph (1), Article 25, paragraph (3), or Article 34, paragraph (3) of the Act

on Promotion of Specified Non-profit Activities prior to the amendment by this Act (hereinafter referred to as the "Former Act") has been filed before the effective date.

(Transitional Measures Concerning Business Reports)

Article 3 The provisions of Article 28, paragraph (1), and Article 30 of the New Act apply to the business reports, etc. prescribed in Article 28, paragraph (1) of the New Act for the business years that start on or after the effective date, and prior laws continue to govern with regard to the business reports, etc. prescribed in Article 28, paragraph (1) of the Former Act for the business years that started before the effective date.

(Transitional Measures Concerning Public Notice of Balance Sheets)

Article 4 (1) The provisions of Article 28-2, paragraph (1) of the New Act apply to balance sheets prepared by a corporation engaging in specified non-profit activities (meaning a corporation engaging in specified non-profit activities prescribed in Article 2, paragraph (2) of the New Act; the same applies hereinafter) under Article 28, paragraph (1) of the New Act on or after the effective date of the provisions set forth in Article 1, item (ii) of the supplementary provisions (hereinafter referred to as the "effective date of the provisions set forth in item (ii)" in this Article).

(2) The balance sheet for the most recent business year that has been prepared by a corporation engaging in specified non-profit activities under Article 28, paragraph (1) of the Former Act before the effective date or under Article 28, paragraph (1) of the New Act during the period from the effective date to the day preceding the effective date of the provisions set forth in item (ii) (hereinafter the relevant balance sheet is referred to as the "specific balance sheet" in this paragraph and the following paragraph) is to be deemed to have been prepared by the corporation engaging in specified non-profit activities under Article 28, paragraph (1) of the New Act as of the effective date of the provisions set forth in item (ii), and the provisions of Article 28-2, paragraph (1) of the New Act apply thereto; provided, however, that this does not apply if the corporation engaging in specified non-profit activities has effected a merger after preparing the specific balance sheet.

(3) The provisions of the preceding paragraph do not apply to a corporation engaging in specified non-profit activities that has given public notice of the specific balance sheet by means specified in the articles of incorporation by the effective date of the provisions set forth in item (ii).

(Transitional Measures Concerning Criteria for Approval, Renewal of Validity Period, or Provisional Approval)

Article 5 With regard to persons who have filed an application for the approval set forth in Article 44, paragraph (1) of the Former Act, an application for renewal of the validity period set forth in Article 51, paragraph (3) of the Former Act, an application for provisional approval set forth in Article 58, paragraph (1) of the Former Act, or an application for approval set forth in Article 63, paragraph (1) of the Former Act or approval set forth in paragraph (2) of that Article before the effective date, prior laws continue to govern with regard to the criteria for the approval, renewal of the validity period, or provisional approval pertaining to these applications.

(Transitional Measures Concerning Officers' Remuneration Rules)

Article 6 The provisions of Article 54, paragraph (2), and Article 56 of the New Act (including when these provisions are applied mutatis mutandis pursuant to Article 62 of the New Act) apply to the documents set forth in items (ii) through (iv) of that paragraph (including when applied mutatis mutandis pursuant to Article 62 of the New Act) for the business years that start on or after the effective date, and prior laws continue to govern with regard to the documents set forth in Article 54, paragraph (2), items (ii) through (iv) of the Former Act (including when applied mutatis mutandis pursuant to Article 62 of the Former Act) for the business years that started before the effective date.

(Transitional Measures Concerning Documents Pertaining to the Provision of Subsidies)

Article 7 The provisions of Article 54, paragraph (3), and Article 56 of the New Act (including when these provisions are applied mutatis mutandis pursuant to Article 62 of the New Act) apply to the documents set forth in that paragraph (including when applied mutatis mutandis pursuant to Article 62 of the New Act) pertaining to subsidies that are provided on or after the effective date, and prior laws continue to govern with regard to the documents set forth in Article 54, paragraph (3) of the Former Act (including when applied mutatis mutandis pursuant to Article 62 of the Former Act) pertaining to subsidies that have been provided before the effective date.

(Transitional Measures Concerning Documents Pertaining to Remittance or Transfer of Money Overseas)

Article 8 (1) Prior laws continue to govern with regard to the preparation of the documents set forth in Article 54, paragraph (4) of the Former Act (including when applied mutatis mutandis pursuant to Article 62 of the Former Act) pertaining to remittance or transfer of money overseas in or before the business year that contains the effective date by a corporation engaging in specified non-profit activities that has obtained approval set forth in Article 44,

paragraph (1) of the Former Act or provisional approval set forth in Article 58, paragraph (1) of the Former Act as of the time when this Act comes into effect (hereinafter referred to as an "approved corporation engaging in specified non-profit activities, etc." in this Article), and to the retention and inspection of those documents at the office of the approved corporation engaging in specified non-profit activities, etc., as well as the submission of those documents to the competent authority and the inspection or copying of those documents at the competent authority.

(2) Prior laws continue to govern the supervision of approved corporations engaging in specified non-profit activities, etc. which, pursuant to the preceding paragraph, is to continue to be governed by prior laws.

(Transitional Measures Concerning Corporations Engaging in Specified Non-profit Activities that Have Obtained Provisional Approval)

Article 9 A corporation engaging in specified non-profit activities that has obtained the provisional approval set forth in Article 58, paragraph (1) of the Former Act as of the time when this Act comes into effect is deemed to be a corporation engaging in specified non-profit activities that has obtained the special approval set forth in Article 58, paragraph (1) of the New Act. In this case, the validity period of the special approval is the remaining period of the validity period of the provisional approval set forth in Article 58, paragraph (1) of the Former Act.

(Transitional Measures Concerning Applications for Provisional Approval)

Article 10 An application for provisional approval that has been filed with the competent authority under Article 58, paragraph (1) of the Former Act before the effective date is deemed to be an application for special approval filed with the competent authority under Article 58, paragraph (1) of the New Act.

(Effect of Dispositions)

Article 12 Dispositions, procedures or other acts that have been made, taken or committed under the provisions of respective governing laws prior to the amendment by this Act (including orders based thereon; hereinafter the same applies in this Article) prior to the enforcement of this Act, and for which respective governing laws after the amendment by this Act have corresponding provisions, are deemed to have been made, taken, or committed under the corresponding provisions of respective governing laws after the amendment by this Act, unless otherwise provided for in these supplementary provisions.

(Transitional Measures Concerning Penal Provisions)

Article 13 Prior laws continue to govern the applicability of penal provisions to

conduct that a person engages in before this Act comes into effect and to conduct that a person engages in after this Act comes into effect but which, pursuant to these Supplementary Provisions, is to continue to be governed by prior laws.

(Delegation to Cabinet Order)

Article 15 Beyond what is provided for in these supplementary provisions, transitional measures necessary for the enforcement of this Act are provided for by Cabinet Order.

(Review)

Article 16 The system for corporations engaging in specified non-profit activities is to be reviewed approximately three years after the enforcement of this Act, in light of the status of implementing the New Act and changes in the socioeconomic situation surrounding specified non-profit activities (meaning specified non-profit activities prescribed in Article 2, paragraph (1) of the New Act), and necessary measures are to be taken based on the results thereof.

Appended Table (Re. Article 2)

- (i) activities for enhancing healthcare, medical care, and welfare;
- (ii) activities for promoting social education;
- (iii) activities for promoting development of communities;
- (iv) activities for promoting tourism;
- (v) activities for revitalizing rural areas or hilly and mountainous areas;
- (vi) activities for promoting science, culture, arts, or sports;
- (vii) activities for preserving the environment;
- (viii) disaster-relief activities;
- (ix) regional security activities;
- (x) activities for protecting human rights or promoting peace;
- (xi) international cooperation activities;
- (xii) activities for promoting the formation of a gender-equal society;
- (xiii) activities for assisting sound development of children;
- (xiv) activities for developing an information-oriented society;
- (xv) activities for promoting science and technology;
- (xvi) activities for vitalizing economy;
- (xvii) activities for supporting the development of vocational skills or the expansion of employment opportunities;
- (xviii) activities for protecting consumers;
- (xix) activities for doing liaison work, or for providing advice or assistance for the operations or activities of organizations engaging in any of the activities set forth in the preceding items;



(xx) activities specified by Ordinance of the prefecture or designated city as those equivalent to the activities set forth in the preceding items.